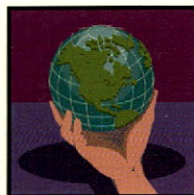




Laidlaw's skilled and knowledgeable people are committed to anticipating rapidly changing customer needs and to delivering environmental protection and passenger transportation services at the lowest cost, consistent with maintaining the highest safety and environmental standards.



C O R P O R A T E P R O F I L E

Laidlaw Inc. is a North American leader in delivering services to protect the environment and safely transport children to and from school.

To anticipate and respond to society's needs in the 90s – this “decade of the environment” – requires Laidlaw to provide a continuum of environmental services beginning with waste reduction and transportation through recycling to a variety of treatment options and finally, landfilling.

Laidlaw's passenger services organization provides safe, reliable student transportation to school boards and increasingly, commuter service to municipal governments and the public.

Since its initial public share offering in Canada in 1969, Laidlaw has expanded through North America and entered Europe in 1991.

Today, Laidlaw is recognized as the largest student transportation company and the second largest hazardous waste management organization. Laidlaw ranks third in solid waste management and recycling services.

Laidlaw is also the largest stockholder in Attwoods plc, the fifth largest solid and bio-medical waste manager in North America, and in ADT Limited, the world's largest security services and vehicle auction company.

T A B L E O F C O N T E N T S

F I N A N C I A L H I G H L I G H T S	P A G E 1
P R E S I D E N T ' S R E P O R T T O S H A R E H O L D E R S	P A G E 2
E N V I R O N M E N T A L P O L I C Y	P A G E 4
E N V I R O N M E N T A L P R O T E C T I O N S E R V I C E S	P A G E 4
H A Z A R D O U S W A S T E M A N A G E M E N T	P A G E 5
S O L I D W A S T E M A N A G E M E N T	P A G E 8
T E C H N O L O G Y	P A G E 11
P A S S E N G E R S E R V I C E S	P A G E 13
T E N Y E A R F I N A N C I A L R E V I E W	P A G E 16
M A N A G E M E N T ' S D I S C U S S I O N A N D A N A L Y S I S	P A G E 18
C O N S O L I D A T E D F I N A N C I A L S T A T E M E N T S	P A G E 24
S T O C K M A R K E T I N F O R M A T I O N A N D D I V I D E N D S	P A G E 36
C O R P O R A T E I N F O R M A T I O N	I N S I D E B A C K C O V E R

C O V E R

E n h a n c i n g t h e E n v i r o n m e n t T h r o u g h R e c y c l i n g

Demand for recycling services continues to grow in North America and Europe. The principles of waste minimization, reuse and recycling are causing a transition in the solid waste management industry. Specialized vehicles, designed to carry segregated commodities destined for recycling, are becoming more common features in urban and rural neighborhoods. Increasing volumes of materials, formerly thought of as “only garbage,” are collected for recycling into an expanding variety of products. Laidlaw's fourteen-year history in the recycling industry provides customers the depth of experience required to design and deliver workable recycling programs, tailored to their needs.

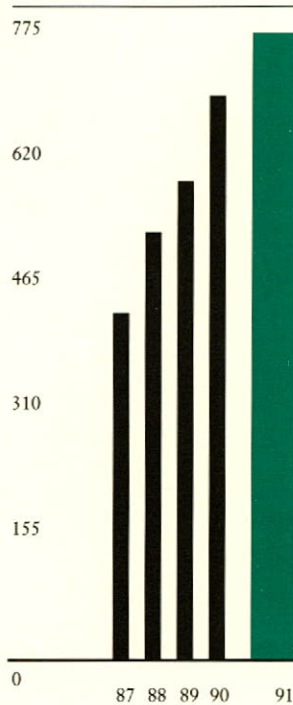
FINANCIAL HIGHLIGHTS

(U.S. \$000's omitted except per share amounts).

Year Ended August 31	1991	1990	% Change
Revenue	\$1,882,426	\$1,737,517	8
Income from continuing operations before unusual items	129,942	265,478	(51)
Earnings (loss) per share from continuing operations			
– before unusual items	0.51	1.10	(54)
– unusual items	(1.86)	—	—
Average number of shares outstanding	246,734	233,522	6

SOLID
WASTE

Revenue \$000,000

HAZARDOUS
WASTE

Revenue \$000,000

PASSENGER
SERVICES

Revenue \$000,000



P R E S I D E N T ' S R E P O R T T O S H A R E H O L D E R S

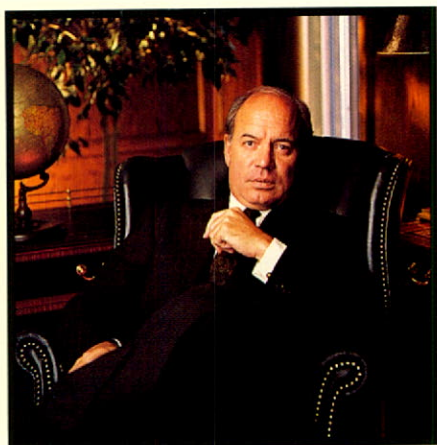
The fiscal year ended August 31, 1991 has been extremely challenging. The recessionary economy in North America, combined with a transition in the waste industry toward waste minimization and recycling, have substantially hampered our operating performance. Combined with these external business conditions, a decision was taken to re-evaluate our investment in ADT Limited, in which Laidlaw holds a 28.4 percent interest.

It is important to separate these two factors when assessing the year's results.

F i n a n c i a l R e s u l t s

Laidlaw's revenues increased to \$1,882,426,000 from the \$1,737,517,000 reported last year.

Income from operations, generated by our core businesses, however, declined 15 percent to \$246,834,000 from the \$291,199,000 achieved last year. Factors in the decline were recessionary pressures on prices and volumes in our waste management businesses, overall cost increases for labor and fuel, and increased bad debt expenses.



Income from continuing operations before unusual items was \$129,942,000 or \$0.51 per share compared with \$265,478,000 or \$1.10 per share in 1990, a decline of 51 percent.

The predominant effect on this year's income is a result of our decision to revalue our investment in ADT.

In April we negotiated an agreement with ADT whereby Laidlaw now has four representatives on a thirteen-person board. Four of the remaining places will be filled by independent directors while ADT retains five representatives.

We undertook a review of our holdings in ADT and concluded that an impairment in the realizable value of our investment had occurred. We therefore wrote down the carrying value to appropriately reflect our view of the underlying value of the investment. This write-down accounts for virtually all of a \$461,203,000 unusual item of \$1.86 per share. We will continue to work with ADT's management to assess future directions as we believe their core businesses continue to offer strong growth potential.

The ADT write-down resulted in a loss from continuing operations of \$329,261,000 or \$1.35 per share.

Of particular disappointment was the much-reduced contribution from our equity investments in associated companies, principally ADT. We expect improvement in 1992.

In December 1990 Laidlaw's Class A and Class B shares were accepted for trading on the New York Stock Exchange.

Organization

In December 1990, Laidlaw Technologies was established to focus our engineering and technology capabilities to stimulate technology additions to our environmental business. This unit has already expanded Laidlaw's services into the bio-medical waste management business in North America.

Mr. Mervyn Lahn a corporate director and Mr. James Bullock, president and CEO of Cadillac Fairview Corporation joined the Laidlaw board of directors on December 6, 1990 and January 9, 1991 respectively.

Operations

Laidlaw is strengthening management in its core businesses and taking steps necessary to be the lowest cost provider of services in our industries.

Our solid waste management business was reorganized during the year, putting operating decision-making closer to our customers – a move designed to improve our performance. A program to reduce low productivity assets in our passenger services business was initiated and will provide better returns in the future.

While our growth objectives proved elusive in 1991, 35 acquisitions contributing \$119,000,000 in annualized revenues were completed during the year.

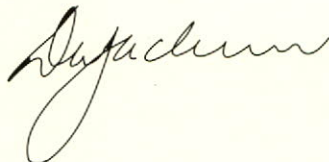
We are responding to the disappointments of 1991.

I am maintaining a conservative view of the prospects for economic recovery in 1992. Consistent with that, we will continue to manage capital and control costs in keeping with the recessionary environment. We have reduced our dividends. Throughout the company, a comprehensive review of all administrative functions and their costs is ongoing. Allocation of capital has been, and continues to be, restricted to take advantage of operating synergies and to improve existing operations.

I believe Laidlaw, has a strong future. The disappointments of 1991 are behind us. With employees who want to succeed and management practices attuned to a future which will be very much different than the past, I look forward to a resumption of growth as the year progresses.

My thanks on your behalf go to Laidlaw's 36,630 employees for their dedicated commitment in this extremely difficult year.

Respectfully



D O N A L D K . J A C K S O N
President & Chief Executive Officer

ENVIRONMENTAL POLICY

Laidlaw's environmental policy is the codification of long-held management principles. These principles have guided the implementation of increasingly higher operating standards during Laidlaw's rapid growth. Operating to high environmental standards is a critical factor in providing employees, customers, regulators and our host communities the security they expect in today's society.

We believe our adherence to the principles expressed in this policy will help maintain Laidlaw's position at the forefront of the industries in which we operate.

Laidlaw is an organization committed to providing environmental security and protection to our customers in both the private and public sectors, to our employees, and to the communities in which we operate.

Each Laidlaw employee will ensure that high standards of health, safety and environmental protection are enforced and observed at all times.

We will work closely with regulatory agencies and industry associations to develop and comply with sound environmental protection policies. We will act quickly to implement new environmental protection initiatives and will continue to maintain a standard that surpasses our legal responsibilities.

We will recycle, reuse and recover resources as an alternative to disposal wherever technically feasible and economically viable.

We will routinely conduct environmental audits of our operations and will act promptly to respond to any deficiencies we may find.

Our board of directors and executive management will monitor each operating unit and will ensure that these principles are maintained.

ENVIRONMENTAL PROTECTION SERVICES

Concern for the environment remains a high priority with governments, industry and the public. As these sectors seek to balance the need for economic growth with its environmental consequences, Laidlaw is working to provide the environmental protection services required to achieve that balance. Laidlaw's history in providing sensible answers to environmental questions started in 1969 when it first entered the solid waste business. Its first recycling program for post-consumer newsprint got underway in 1977.

Laidlaw's experience in waste auditing, reduction and a host of management techniques positions the company to benefit from increased public awareness, the consequent regulatory requirements and customer demand for more environmentally stringent management of all wastes.

H A Z A R D O U S W A S T E M A N A G E M E N T

Laidlaw's hazardous waste management organization is the second largest in North America. Customers served range from the largest industrial concerns and government departments to companies, institutions and individuals producing only a few gallons of waste each month.

Service is provided from a network of 58 facilities, including treatment and disposal sites, transportation hubs, recycling centers, and solvent reclamation facilities. Laidlaw is unique in the industry in the operation of our 20 transfer stations/service centers to which smaller quantities of waste are brought to be consolidated for final shipment.

Principal treatment and disposal facilities include the three largest liquid-injection incinerators in North America, and six landfill sites with an aggregate remaining capacity of 18.5 million cubic yards, an increase of some 30 percent since last year. Laidlaw also provides remedial services for the largest and most complex environmental clean-ups, both in industry and in government, as well as on-site waste reduction and waste management services.



Located near Bakersfield, one of two Laidlaw secure chemical landfills in California accepts petroleum wastes and is proceeding through a capacity and permit expansion program.

A c q u i s i t i o n s

Laidlaw continued to extend its hazardous and special waste facilities network, service capabilities and customer base during the year. To extend our network of service centers, a major transfer station and storage facility was acquired near Houston. It will provide increased service capability in a new market, support our recycling and treatment operations in Louisiana and provide a springboard for future development in Texas, one of the largest waste generating areas in the United States.

Already the second largest provider of on-site services, Laidlaw Environmental extended this capability with the purchase of a small waste-reduction service company which manufactures and operates mobile thermal treatment systems.

An option agreement to acquire international licensing rights for a patented process to recycle hazardous waste was entered into with a Louisiana company currently operating a facility based on rotary kiln technology.

In central Alberta, Laidlaw acquired a transfer station and a newly permitted, unused landfill – one of only two in the province. In British Columbia, Laidlaw entered the waste oil and waste-water treatment businesses and will develop the hazardous waste business from this base.



Voyageur: Laidlaw's Liz McCormick has travelled from a childhood love of nature to a professional job of environmental protection. Camping with her family since she was eight, inspired by Earth Day in 1970, educated as a chemist and now working to keep hazardous waste out of the environment, she is responsible for managing Laidlaw's Household Hazardous Waste collection program in the United States.

T*o profitably meet customer needs for environmentally sound hazardous waste management, Laidlaw must carefully balance the competing influences of price, regulation, technology development and the public's interest in the industry's activities.*

Revenue	\$440,639,000
Income from Operations	\$ 70,514,000
Employees	3,500
Service Locations	58
States	12
Provinces	5
Incinerators	3
Total Annual Capacity (tons)	178,000
Landfills	6
Remaining Capacity (cubic yards)	18,500,000
Vehicles	585
Industry Rank	2

Charles Lalonde, president, Laidlaw Environmental Services in Canada and William Stilwell, president, Laidlaw Environmental Services in the United States each have been providing environmental protection services to customers since 1973.



Permit Expansions

Both Laidlaw landfills in California are undergoing permit expansions. The new permits would allow each landfill to accept a broader range of wastes, provide increased treatment capability and substantially increase our ability to serve an enlarged customer base on the West Coast. A landfill in Altair, Texas has received authorization to accept a limited range of hazardous waste. Construction of new cells, employing double liner technology, is expected to be completed by mid-1992. Permit applications to broaden the range of wastes for receipt at the facility are in process.

In Ontario a two-year environmental assessment of a proposed rotary kiln incinerator with an annual capacity of 22,000 tons was completed. Regulatory hearings are expected to begin during the third quarter of fiscal 1992. In South Carolina, permit modifications have been submitted which would allow improvements to our 37,000 ton per year liquid waste incinerator. A final decision is not expected during 1992.

Customer Focus



In expanding our network of transfer stations and treatment facilities we bring our service closer to the customer. Costs are reduced, competitiveness increased and our ability to provide tailored customer service is strengthened.

Our sales forces have been reorganized to provide increased focus on customer service. Sales training and management development courses have been strengthened and a new national customer marketing program has been developed, implemented and is expanding.

Employee Health and Safety

Environmental protection is not only a service marketed to our customers, it is integrated into the management of our facilities to provide security for the health and safety of all employees. As a result of operational safety audits and management training in loss prevention, accidents were significantly reduced. Laidlaw will continue to place strong emphasis on safety and accident reduction as a critical part of its operating philosophy and as a key factor in increasing competitiveness.

Regulatory Compliance

Laidlaw recognizes that customer service and protection of the environment are the keys to generating profits. The organization also recognizes that environmental regulation is the minimum standard required. To confirm regulatory compliance and meet our self-imposed standards beyond compliance, a continuing program of site specific audits is carried out to isolate facilities, processes and practices requiring improvement.



Trendsetter: In 1981, Laidlaw's Nyle Ludolph took on the responsibility for pilot-testing a new idea to help preserve the environment. Little did he realize that the "Blue Box" would become the most noticeable expression of individual environmental consciousness in North America. From an original program in Kitchener, Ontario, with about 3,500 people participating, Blue Box type recycling has grown to serve an estimated 35 million people in North America.

The solid waste industry in North America is in transition, moving from the simple collection and disposal of waste, toward a sophisticated, environmentally driven, recycling system of commodities separation, processing and marketing.

Revenue	\$773,809,000
Income from Operations	\$ 92,553,000
Employees	6,070
Service Locations	167
States	21
Provinces	6
Landfills - U.S.	35
Canada	12
Remaining Capacity (cubic yards)	189,000,000
Collection Vehicles	2,740
Recycling Vehicles	400
Industry Rank	3

Bruce Cook, Charles Leonard and Dean DeCourcy, senior vice presidents for Canada and the Western and Eastern Regions of the United States respectively, have the responsibility for delivering Laidlaw's solid waste and recycling services to a growing number of more demanding customers.



On the streets of North America where Laidlaw Waste Systems operates, collecting and landfilling garbage is no longer good enough for society, nor is it good enough for individual customers. Waste reduction is being expressed through legislation and the will of individuals and institutions to minimize waste volumes generated and to recycle and compost much of the balance. Legislated goals in North America generally call for a 50 percent reduction in waste volumes disposed of in landfills by the year 2000, based on volumes generated in 1989. Recycling and composting markets will continue to grow but there will always be a need for land disposal facilities to receive residues from recycling processes and to receive non-recyclable wastes directly.

Three senior vice presidents were appointed during the year to intensify regional management. This new structure, put in place during the second quarter, is designed to improve our response to the changing market in North America by bringing operating decision-making closer to our customers.

The largest segment of Laidlaw's solid waste customer base continues to be composed of generators of commercial and industrial wastes. Some 287,500 customers are served from 167 operation centers in North America. These customers were the most harshly affected by the recession. Waste volumes declined as a consequence of the recession, aided by intentional reduction practices and recycling efforts. It is yet difficult to predict how much of the pre-recession volume has been permanently reduced.



In the residential service market Laidlaw provides waste collection to 2.5 million homes in 565 municipalities. In total, volumes collected by Laidlaw remained essentially at 1990 levels during 1991.

R e c y c l i n g

Curbside collection of recyclable materials is provided to 1.3 million residential customers in 86 municipalities.

Recyclables collected from both residential and commercial routes – metal, plastics, paper and yard wastes – are processed through 14 Laidlaw-owned or operated recycling facilities. In total, approximately 350,000 tons were diverted from landfill during the year.

Laidlaw's 20-year agreement as sole source supplier to two new Canadian Pacific Forest Products Limited de-inking mills is unique in the recycling industry. The annual supply of 360,000 tons of recyclable newsprint and magazines will be drawn from Laidlaw's Blue Box operations and other sources.

A new initiative was launched mid-year to provide generators of small quantities of recyclables in suburban communities and small cities with waste reduction and recycling services. Serving offices, shopping centers and hospitals, the program had attracted some 2,000 new customers by year end.

L a n d f i l l D e v e l o p m e n t

Laidlaw owns or operates 47 landfill sites in North America. Total remaining capacity at year end was 189 million cubic yards, a 12 percent increase over last year. The increase is due principally to acquisitions and site expansions.

Overall disposal volumes were reduced by the recession, waste minimization and recycling.

New regulations in the United States, which come into effect during the next two years, are designed to raise the level of environmental protection provided by sanitary landfills.

Laidlaw estimates the majority of its landfill capacity generally meets the new regulation and would not be significantly affected. The balance would be modestly affected requiring improvements in liners, monitoring systems and caps for yet unused capacity.

A c q u i s i t i o n s

Laidlaw Waste Systems continued to expand its operations completing 25 acquisitions of transfer stations, landfills and hauling operations. Acquisitions were strategic in nature, designed to strengthen existing regional presences.



This composting facility, operated for Rockford, Illinois, serves a population of nearly 50,000, provides high-quality compost from yard waste, and reduces residential waste sent to landfill by 27 percent.

C u s t o m e r F o c u s

Today's customers want a stronger sense of value in the services they purchase; they expect their waste management company to provide a broader range of services to satisfy their expanding needs. Laidlaw Waste Systems is taking advantage of the changes in its markets with a four-component sales and marketing program designed to strengthen customer relations.

Customer satisfaction audits have been completed; stronger emphasis has been placed on management, sales training and customer retention; sales incentive packages have been redesigned and a more aggressive approach to national account development is underway, coupled with cross-selling of solid and hazardous waste management services.

M a n a g e m e n t D e v e l o p m e n t

A proactive approach in the development of human resources programs has been taken across North America. Senior and line management training systems have been put in place while interactive video training hardware has been installed throughout the organization to deliver training for a variety of skills.

S a f e t y

Ongoing safety programs have been augmented with an incentive program. Launched in the third quarter, the program has helped reduce accidents by one third.

T E C H N O L O G Y

Laidlaw Technologies Inc. was established as an environmental business unit during the second quarter. The organization's mandate is to evaluate, pursue and develop business opportunities, based on demonstrated technologies, in areas which fall outside the existing operations of either Laidlaw Environmental Services or Laidlaw Waste Systems.

Operationally, the unit brought together Laidlaw's waste-to-energy and landfill gas recovery operations. It also includes Laidlaw's Technical Services Group. The engineers and technologists of this group evaluate technologies for use in existing and proposed operations, or for acquisition and future commercialization. In addition they provide process engineering support to all operating units, and are responsible for environmental oversight for Laidlaw Inc.

To achieve its growth, Laidlaw Technologies will pursue business opportunities in the broad environmental field, which are market driven and technology based. The priority is to grow in directions which complement the businesses of Laidlaw's existing solid and hazardous waste management operating units.



M e d i c a l S e r v i c e s

During the third quarter, Laidlaw Technologies purchased the assets of the only integrated bio-medical waste management company operating in Canada.

Assets acquired include an incinerator complex with a destruction capacity of 14,000 tons per year, strategically located near the most populous region of the country in Gatineau, Québec, near Ottawa, the nation's capital. The incinerator complex is supported by a transportation fleet and transfer stations, local collection and trans-shipment points, in Toronto, Ontario – Canada's largest city – and in Waltham,

Massachusetts, near Boston.

Immediate plans include the upgrading of the incineration and air emission control equipment and significant increases in throughput and efficiency.

The acquisition provides an entry into what Laidlaw characterizes as the medical services market. It complements the existing services of garbage collection, laboratory waste management and solid waste recycling, already provided to hospitals, clinics and other bio-medical waste generators by Laidlaw's traditional operating units.

The broad capabilities which Laidlaw has to offer will quickly provide this new Medical Services Group with the opportunity to provide customers in the medical community with a full range of services from waste audits, reduction programs, segregation and handling, to recycling, collection, transportation and safe disposal of all their waste products.

There are nearly 3.5 million hospital and nursing home beds in North America. In addition, innumerable clinics, doctors' and dentists' offices and laboratories serve the public's health care needs. Critical to their secure operation is the need to prohibit the transfer of infection. This control is achieved by the use of disposable pharmaceutical products and by their environmentally sound destruction.

The business has a large customer service component, and a growing market. While it is focused on managing different classes of waste, it shares many of the characteristics of the hazardous waste business. It is regulation driven, service oriented, requires wastes receive special handling and transportation, and is technology dependent.

Senior marketing, business development and operating management are in place. The business unit employs 110 people.

Gas Recovery

Gases, generated as garbage decomposes in landfills, can be recovered and burned to generate electrical energy. Laidlaw has developed seven gas recovery projects in California during the last ten years. These installations, all of which are operating successfully, use reciprocating engines or steam turbines to drive electrical generators. In total, these projects produce enough power to serve the needs of 50,000 homes.

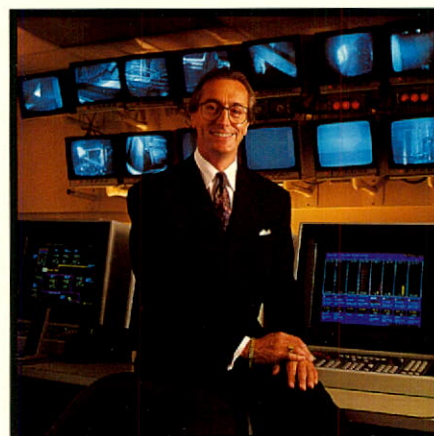
During the third quarter, Laidlaw Technologies acquired an additional five gas recovery projects, three in California, and one each in New York state and Hawaii. Together, the projects increase our power output by 30 percent, and bring advanced gas turbine technology to Laidlaw. The projects will be operated by the existing gas recovery management.

This technology-based business not only recovers energy from waste but improves air quality and landfill safety. It reduces the escape of naturally occurring gas emissions, principally methane, considered a prime culprit in promoting global warming.



Employees	264
Service Locations	17
States	4
Provinces	3
Incinerators – Waste to Energy	2
Medical Services	1
Gas Recovery Projects	12
Transfer Stations	2
(Financials consolidated with Laidlaw Waste Systems)	

Nigel Guilford, president, Laidlaw Technologies Inc. brings a combination of 20 years' experience in technology development and application to this new Laidlaw business.



P A S S E N G E R S E R V I C E S

Laidlaw Passenger Services Group provides transportation service to school districts, municipalities and the public throughout North America. Laidlaw's principal transportation business is dedicated to safely getting children to and from schools. Inter-city coaches, taxis and courier service, are operated in Western Canada. The provision of municipal and commuter transportation services is a growing segment of the business.

Laidlaw is the single largest provider of school transportation services in North America operating 20,720 school buses, or about 17 percent of the North American, private sector, school bus fleet. Services are concentrated in Eastern Canada and the Northeast and Western United States. "Carrying the Nation's Future" is a highly appropriate slogan; Laidlaw is responsible for the transportation of nearly one million students – every school day.

In managing transportation services for school districts, Laidlaw has allowed these customers to lower and control their operating costs while receiving reliable, responsive, flexible and safe service for their students.



In 1985, Laidlaw piloted a commuter express service with the city of Los Angeles using three buses. The objectives were to increase ride sharing, decrease traffic congestion and improve air quality. Today, Laidlaw runs nearly 100 commuter express vehicles between the suburbs and downtown.

In Canada, nearly 75 percent of the student transportation bus fleet is operated by private sector contractors. In the United States, the opposite is the case, presenting a growth opportunity for the industry and for Laidlaw. The public sector is facing escalating budget constraints. Contracting for services rather than supplying them is a key opportunity for governments to improve their transportation service, freeing funds and management resources to enhance the competitive position of the educational system.

Throughout our transportation system, strong management focus on the three key areas of safety, human resource development and customer service is paying dividends.

S a f e t y

Laidlaw focuses safety programs on drivers, the key individuals in delivering service to customers. Driver development and safety managers are responsible for the implementation and management of driver education programs covering topics from passenger road safety and leadership skills to drug abuse and defensive driving. As a result of these safety management programs, vehicle accidents have been reduced by nearly 50 percent compared with last year.

H u m a n R e s o u r c e s

Human resources managers are now assigned in each operating region; supervisory training programs are in place; employee needs audits are ongoing while enhanced communications are helping create a more professional approach to organization building. The focus on driver recruitment, selection and training, combined with an expanded driver pool resulting from the recession, have all contributed to substantially reducing employee turnover.



Protector: Laura Stoddart, a mother of five and a Laidlaw driver for nine years, has been a driver development and safety supervisor since 1984. She trains children to be aware of the danger zones when boarding or getting off a school bus. The training is part of Laidlaw's child awareness program designed to protect passengers and their drivers, ensuring everyone gets safely to and from school.

An integral part of the North American educational system, Laidlaw Passenger Services is committed to exceeding the expectations of its customers for safe, reliable, high-quality people transportation.

Revenue	\$667,978,000
Income from Operations	\$ 83,767,000
Employees	26,800
Service Locations	305
States	23
Provinces	5
Vehicles – School Bus	20,720
Transit and Other	1,635
School Bus Industry Rank	1

Ken Lyons, president, Laidlaw Transit: "In developing partnerships with customers, we take the responsibility to respond to, and manage the needs for people transportation in school districts and communities."



C u s t o m e r F o c u s

While Laidlaw Passenger Service is the largest organization of its kind, nearly three times larger than its nearest competitor, its success lies in its ability to satisfy customer needs locally – where service is delivered. Contract management – staying close to its school district customers, understanding their needs and designing appropriate services initiatives – is strengthening Laidlaw's competitive position and has increased the profitability of retained contracts. Acquisitions and contract awards completed during the year extended Laidlaw's school bus operations to serve new customers in Ohio, Vermont and Alberta.

In the municipal transit market, Laidlaw serves more than 40 municipalities with safe, reliable urban transit. Laidlaw expects substantial continued growth opportunity in this sector as legislation designed to protect air quality and assist the disabled takes effect.

E n v i r o n m e n t a l I n i t i a t i v e s

In Harbor Creek, Pennsylvania, Laidlaw has begun operating a new fleet of school buses fuelled by locally produced compressed natural gas. This ten-year contract will lower emission levels and reduce dependence on imported fuels.



A high priority program of environmental facility audits has been implemented. These reviews examine operating practices and the general environmental integrity of each facility. Action plans to correct deficiencies are in place. In addition, an environmental due diligence process is a key component of pre-acquisition evaluations.

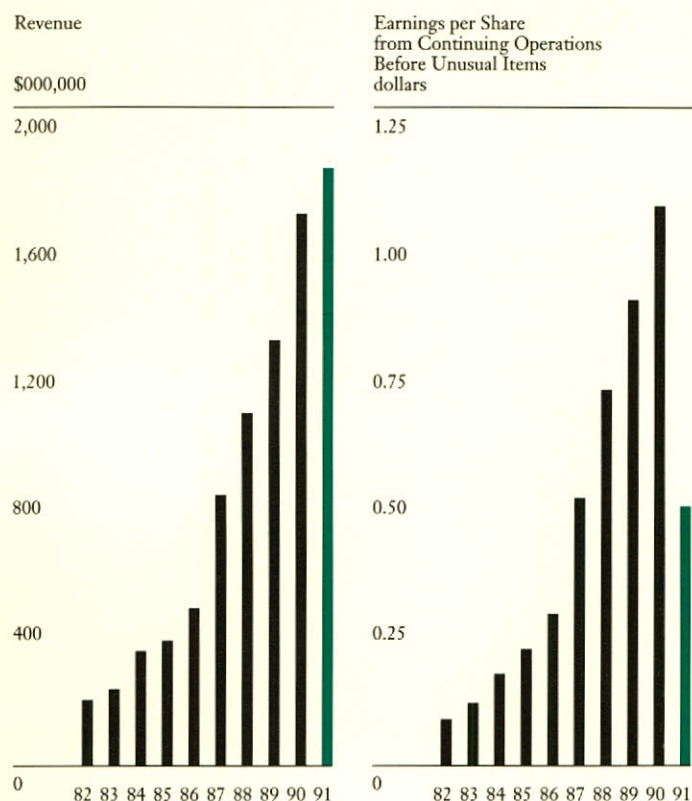
A well maintained bus fleet generates petroleum waste and used tires. Laidlaw recycles used cleaning solvents and tires; waste oil is re-refined where practical.

S u p p l i e r R e l a t i o n s

Laidlaw Passenger Services continues to work cooperatively with manufacturers in the design and production of transportation equipment. Using our knowledge of customer needs and regulations, and communicating with suppliers allows us to provide better, safer and more environmentally conscientious service to customers. These relationships are exemplified in the design of a new bus now being manufactured in Québec. Working cooperatively on the advanced design from the ground up, Laidlaw staff and the manufacturer have produced a new bus featuring safer entry and exit for small children, improved visibility, a redesigned interior and improved access to vehicle controls for the driver.

Laidlaw's Passenger Service organization will continue to seek out and understand the changing needs of customers. In offering safety, innovation and flexibility, Laidlaw will excel in managing transportation systems for its school district and municipal customers.

TEN YEAR FINANCIAL REVIEW



(U.S. \$000's omitted except per share amounts)

Operating results – continuing operations

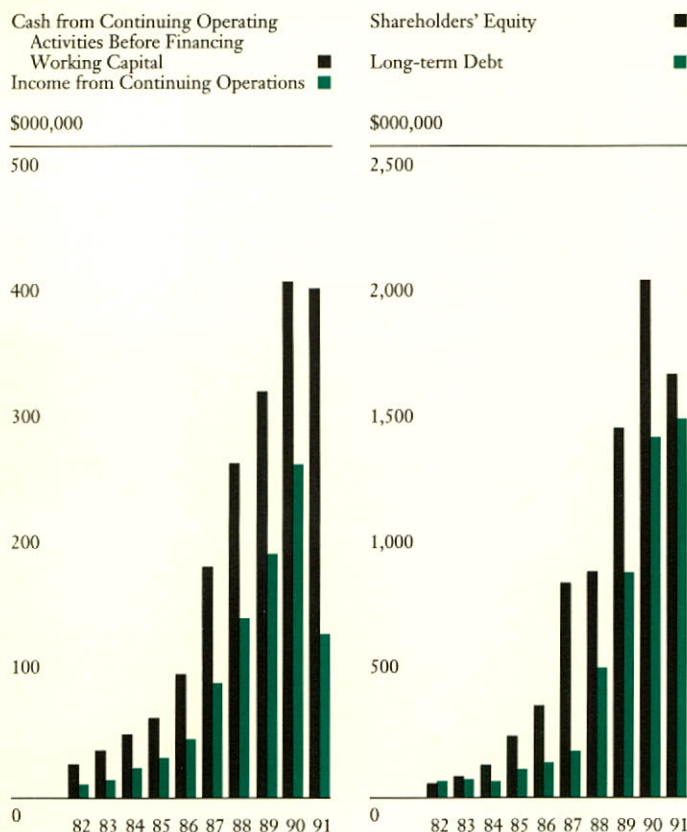
(year ended August 31)

Revenue	\$1,882,426
Income from continuing operations before unusual items	129,942
Operating profit margin	13.1%
Net profit margin (before unusual items)	6.9%
Cash from continuing operating activities before financing working capital	\$ 404,488
Net capital expenditures	383,546

Financial position

(as at August 31)

Working capital	\$ 204,028
Long-term debt	1,507,552
Shareholders' equity	1,682,063
Total assets	3,595,316



Class A and Class B shares

(year ended August 31)

Earnings per share from continuing operations before unusual items	\$0.51
Dividends paid (in Canadian dollars)	
– Class A shares (Cts.)	31.0
– Class B shares (Cts.)	31.0
Market price (as at August 31, in Canadian dollars)	
– Class A shares	\$13.13
– Class B shares	13.13
Net return on average common shareholders' equity (before unusual items)	6.1%
Shares outstanding (as at August 31)	
– Class A shares	47,632,092
– Class B shares	205,703,811

The above data has been restated to give retroactive effect to the discontinued operations and a prior period adjustment reported in 1990, and retroactive application of the change in accounting for investment tax credits reported in 1986.

1990	1989	1988	1987	1986	1985	1984	1983	1982
\$1,737,517	\$1,339,396	\$1,113,636	\$ 851,896	\$497,662	\$393,078	\$313,201	\$238,453	\$201,859
265,478	195,404	144,185	92,022	48,063	32,321	23,857	15,092	10,368
16.8%	17.9%	17.5%	16.2%	15.2%	16.7%	17.7%	15.5%	14.8%
15.3%	14.6%	12.9%	10.8%	9.7%	8.2%	7.6%	6.3%	5.1%
\$ 409,440	\$ 322,413	\$ 264,545	\$ 183,479	\$ 98,794	\$ 63,971	\$ 50,073	\$ 37,620	\$ 27,223
750,236	465,658	436,808	592,454	173,092	124,876	63,240	67,583	27,013
\$ 222,531	\$ 68,405	\$ 94,212	\$ 99,848	\$121,769	\$ 90,905	\$ 10,847	\$ (2,921)	\$ (5,522)
1,434,543	899,012	514,036	180,201	137,650	112,028	67,598	70,425	67,945
2,053,867	1,462,194	891,630	847,867	372,701	243,295	130,218	80,192	51,162
3,894,939	2,651,276	1,636,927	1,254,173	650,357	474,522	326,450	264,128	200,968
(all information gives retroactive effect to subdivisions of shares of 2 for 1 in each of July, 1983 and January, 1985 and 3 for 2 in each of September, 1986 and May, 1987)								
\$1.10	\$0.92	\$0.74	\$0.53	\$0.30	\$0.23	\$0.18	\$0.12	\$0.09
27.0	23.0	18.5	12.0	7.7	6.5	4.0	2.8	2.2
27.0	23.0	18.5	12.0	7.7	6.5	4.0	3.0	2.7
\$21.50	\$19.63	\$16.50	\$22.50	\$10.00	\$6.83	\$3.58	\$2.92	\$0.94
21.25	19.25	15.50	21.50	9.56	6.72	3.50	2.83	0.89
15.1%	19.0%	20.5%	22.4%	23.5%	21.9%	21.4%	21.2%	19.2%
47,632,092	47,632,092	47,632,092	47,632,092	47,632,092	47,632,092	47,362,092	47,632,092	47,632,092
191,423,435	170,708,039	141,855,882	128,293,098	102,907,530	89,407,530	89,407,530	70,125,030	56,625,030

MANAGEMENT'S DISCUSSION AND ANALYSIS

of financial condition and results of operations

Items in the Consolidated Statements of Income for the three years ended August 31, 1991 as a percentage of total revenue and the percentage changes in dollar amounts of the items compared to the previous year are as follows:

	Percentage of Revenue			Percentage Increase (Decrease)		
	Year Ended August 31			Year 1991 Over 1990	Year 1990 Over 1989	Year 1989 Over 1988
	1991	1990	1989			
Revenue	100.0%	100.0%	100.0%	8.3%	29.7%	20.3%
Operating expenses	66.8	65.5	65.8	10.5	29.1	17.4
Selling, general and administrative expenses	8.6	6.9	6.0	34.1	51.5	27.4
Depreciation and amortization	11.5	10.8	10.3	15.2	35.4	31.9
Income from operations	13.1	16.8	17.9	(15.2)	21.5	22.8
Interest expense	(7.1)	(6.5)	(4.6)	17.8	85.3	146.3
Interest, dividend and other income	1.4	2.0	2.5	(26.3)	4.2	54.4
Equity in earnings of associated companies	0.9	5.5	1.4	(81.7)	423.6	—
Income from continuing operations before unusual items and income taxes	8.3%	17.8%	17.2%	(49.1)	33.9	20.0

Revenue

The sources of revenue by business segment are as follows (\$000's omitted):

Year Ended August 31	1991		1990		1989	
Solid waste services	\$ 773,809	41%	\$ 699,536	40%	\$ 593,053	44%
Hazardous waste services	440,639	23	390,367	23	157,634	12
Passenger services	667,978	36	647,614	37	588,709	44
	\$1,882,426	100%	\$1,737,517	100%	\$1,339,396	100%

Management's estimates of the components of changes in the Company's consolidated revenue are as follows:

	Percentage Increase (Decrease)		
	Year 1991 Over 1990	Year 1990 Over 1989	Year 1989 Over 1988
Expansion of customer base by acquisitions			
Solid waste services	3.9%	4.7%	2.1%
Hazardous waste services	3.7	13.3	4.5
Passenger services	0.4	2.1	6.8
Subtotal	8.0	20.1	13.4
Other expansion primarily through volume and price changes			
Solid waste services	0.2	2.9	3.0
Hazardous waste services	(0.8)	4.1	1.7
Passenger services	0.6	2.1	0.7
Subtotal	—	9.1	5.4
Foreign exchange rate changes			
Solid waste services	0.2	0.3	0.8
Hazardous waste services	—	—	—
Passenger services	0.1	0.2	0.7
Subtotal	0.3	0.5	1.5
Total	8.3%	29.7%	20.3%

Management's estimates of the components of changes in the revenue of the respective segments are as follows:

	Percentage Increase (Decrease)		
	Year 1991 Over 1990	Year 1990 Over 1989	Year 1989 Over 1988
Solid waste services			
Acquisitions	9.7%	10.7%	4.5%
Other, primarily through volume and price changes	0.4	6.7	6.3
Foreign exchange rate changes	0.5	0.6	1.5
Total	10.6%	18.0%	12.3%
Hazardous waste services			
Acquisitions	16.2%	113.0%	56.0%
Other, primarily through volume and price changes	(3.5)	34.6	20.7
Foreign exchange rate changes	0.2	—	—
Total	12.9%	147.6%	76.7%
Passenger services			
Acquisitions	1.1%	4.8%	15.3%
Other, primarily through volume and price changes	1.6	4.7	1.5
Foreign exchange rate changes	0.4	0.5	1.8
Total	3.1%	10.0%	18.6%

In 1991, the principal component of the increases in revenue from acquisitions, in both the solid waste and hazardous waste services segments, was attributable to the additional contribution of approximately \$85 million from Tricil Limited which was included in the 1990 results for only eight months. The minimal revenue growth in the solid waste services segment and the absolute decline in revenue in the hazardous waste services segment from volume and price changes are attributable to a number of factors: the reduction in commercial and industrial waste volumes due to the economic recession, particularly in the northeastern United States, pressure on pricing as non-residential customers try to reduce operating costs during the recession, and increased emphasis on recycling which has diverted waste from transfer and landfill operations. The passenger services segment revenue growth was reduced due to the

intentional loss of marginal contracts, the recessionary effects in Western Canada, and, particularly in the fourth fiscal quarter, reduced expenditures by school boards on extracurricular activities.

In 1990, the principal component of the increases in revenue from acquisitions, in both the solid waste and hazardous waste services segments, was attributable to the contribution of approximately \$150 million from Tricil Limited which was acquired effective December 29, 1989.

In 1989, increases in revenue attributable to changes in volume were restricted as a result of the Company's intentional lapsing of marginally profitable contracts for residential waste collection in the United States and also by the loss of a substantial, profitable passenger bus service contract in Canada.

Acquisitions by segment (excluding the purchase of assets and customer lists of small operations readily absorbed into existing operations) and the approximate aggregate annualized revenue acquired as at the dates of acquisition are as follows (\$000's omitted):

Year Ended August 31	Number of Acquisitions		
	1991	1990	1989
Solid waste services	25	27	26
Hazardous waste services	4	9	4
Passenger services	6	6	10
	35	42	40
Year Ended August 31	Annualized Revenue (Approximate)		
	1991	1990	1989
Solid waste services	\$ 53,000	\$137,000	\$ 50,000
Hazardous waste services	53,000	182,000	102,000
Passenger services	13,000	24,000	48,000
	\$119,000	\$343,000	\$200,000

The 1990 acquisitions included Tricil Limited, which had hazardous waste and solid waste services operations with annualized revenue of approximately \$160 million and \$65 million, respectively, and operates in seven of the United States and two Canadian provinces. Approximately 60% of this revenue was generated from the Canadian operations.

Revenue and growth in revenue from geographic components are as follows (\$000's omitted):

	Revenue						Growth Rates		
	Year Ended August 31						Year 1991 Over 1990	Year 1990 Over 1989	Year 1989 Over 1988
	1991		1990		1989				
U.S.A.	\$1,329,329	70.6%	\$1,259,786	72.5%	\$1,018,384	76.0%	5.5%	23.7%	24.0%
Canada	553,097	29.4	477,731	27.5	321,012	24.0	15.8	48.8	9.9
	\$1,882,426	100.0%	\$1,737,517	100.0%	\$1,339,396	100.0%	8.3	29.7	20.3

The increase in Canadian revenue in both 1991 and 1990 is primarily attributable to the Tricil Limited acquisition.

Income from operations, cost of operations and operating profit margins

Income from operations and growth rates from segment components are as follows (\$000's omitted):

	Income From Operations						Growth Rates		
	Year Ended August 31						Year 1991 Over 1990	Year 1990 Over 1989	Year 1989 Over 1988
	1991		1990		1989				
Solid waste services	\$ 92,553	37.5%	\$124,039	42.6%	\$113,677	47.5%	(25.4)%	9.1%	30.2%
Hazardous waste services	70,514	28.6	80,436	27.6	32,645	13.6	(12.3)	146.4	107.1
Passenger services	83,767	33.9	86,724	29.8	93,288	38.9	(3.4)	(7.0)	1.4
	\$246,834	100.0%	\$291,199	100.0%	\$239,610	100.0%	(15.2)	21.5	22.8

Wages for operating personnel, equipment operating costs (including fuel and maintenance), insurance for personnel, property damage and third party liability, depreciation and disposal site fees represent the major components of the cost of operations. Operating costs as a percentage of revenue were 86.9% in 1991, compared with 83.2% in 1990, and 82.1% in 1989.

In 1991, the increase in operating costs as a percentage of revenue was primarily the result of recessionary pressures, principally in the waste services segments, on sales prices and volume increases as well as absolute increases in the cost of fuel, labour, disposal and bad debts. In addition, rapid turnover of customers has occurred in certain areas of the solid waste services segment, resulting in increased costs to maintain customer population and service levels.

In 1990, the increase in operating costs as a percentage of revenue in the waste services segments was primarily attributable to increased disposal costs as a percentage of revenue and to the Tricil Limited acquisition which increased waste services revenues substantially, but some of this business had higher operating costs as compared to the Company's other waste services operations. The passenger services operating costs continued to increase as a result of significant increases in bus driver wages, recruitment and training costs as unemployment continued to be very low in certain areas in which the Company operated.

In 1989, while the overall operating cost ratio improved slightly, there was a significant improvement attributable to the increased proportion of activity in the transfer and disposal of both solid and hazardous wastes, offset by significant increases in driver recruitment and training costs in the passenger services segment.

The operating profit margins of the individual and consolidated segments are as follows:

Year Ended August 31	1991	1990	1989
Solid waste services	12.0%	17.7%	19.2%
Hazardous waste services	16.0	20.6	20.7
Passenger services	12.5	13.4	15.8
Consolidated	13.1	16.8	17.9

The operating profit margin for the solid waste services segment has decreased to 12.0% in 1991 from 17.7% in 1990, primarily as a result of the recession being experienced in North America. The hauling portion of the solid waste services segment has been forced to maintain or lower prices in order to remain competitive as the recession has resulted in a reduction in waste being generated, while hauling capacity for both the Company and the industry in general has remained the same or increased from last year. Equipment handling and selling costs have increased as a result of customers' demands for reduced, less costly and alternative services, while bad debt expenses have increased as many of the Company's customers have succumbed to the recessionary economic conditions. In certain areas of the United States, the volumes received for disposal at the Company's landfill sites have been significantly reduced as a result of both recessionary factors and increased competition. This, together with reduced gate prices, has resulted in significant erosion of the Company's profit margins in these areas.

The operating profit margin for the hazardous waste services segment has decreased to 16.0% from 20.6% in 1990. This decrease is also primarily attributable to weak general economic conditions in most areas in which the Company operates, which has resulted in lower volumes and pricing pressures, resulting from an effort to retain volumes. In many areas, customers have postponed special remedial projects and other hauling and treatment services to await more buoyant economic conditions. Also, the operating margins have been reduced by the effect of the increased proportion of lower margin businesses in the United States acquired as part of the Tricil Limited acquisition.

The operating profit margin for the passenger services segment has decreased to 12.5% from 13.4% in 1990. The primary reasons for the decrease are higher fuel prices experienced during the Middle East conflict in the first two fiscal quarters, losses on sale of excess fleet, and lower revenues in the fourth fiscal quarter as a result of state funding pressures reducing expenditures by school boards on extracurricular outings at the end of the school year.

The Company's outlook for the forthcoming fiscal year continues to be that until weak economic conditions subside, operating profit margins, primarily in the waste services segments, will remain under pressure resulting in a continuation of these lower operating margins.

In 1990, the operating profit margin for the solid waste services segment decreased to 17.7%. This decrease was due primarily to increased disposal costs as a percentage of revenue and to the effect of the Tricil Limited acquisition as Tricil's Canadian solid waste business had higher operating costs as compared to the Company's other solid waste services operations. The operating profit margin for the hazardous waste services segment decreased slightly to 20.6%. The decrease is attributable to the effect of the Tricil Limited acquisition, as Tricil's U.S. hazardous waste business also had higher operating costs as compared to the Company's other hazardous waste operations. The passenger services margin declined to 13.4%. The primary reasons for the lower operating margin continued to be the cost of higher bus driver wages, increased recruiting and training costs in certain operating areas where unemployment continued to be very low and increased operating costs resulting from an increased frequency of minor accidents as a result of driver turnover. In the last fiscal quarter of 1990, driver training costs were further increased due to legislated changes in driver licensing requirements.

In 1989, operating profit margins increased to 17.9% as a result of the increased margins and proportionately higher contribution from the waste services segments offset partially by the reduction in the passenger services margin.

Seasonality

The passenger services segment experiences a significant decline in revenue and operating income in the fourth fiscal quarter because of school summer vacations. Adverse winter weather moderately affects all of the Company's operations during the Company's second fiscal quarter. See also Note 16 of Notes to Consolidated Financial Statements.

Interest expense

In 1991, interest expense increased by 17.8% to \$133.1 million. The increase is attributable to an increase of approximately 20% in the average borrowings level offset partially by a decrease of approximately 7% in the cost of borrowing.

In 1990, interest expense increased by 85.3% to \$113.0 million. The increase is attributable to an increase of approximately 85% in the average borrowings level, while the average interest rate on borrowings was relatively unchanged.

Interest expense in 1989 increased by 146.3% to \$61.0 million. The increase was attributable to a higher average borrowings level during the year and interest rate increases in Canada and the United States. Increases in borrowings were primarily associated with increases in long-term investments.

Interest, dividend and other income

Interest, dividend and other income in 1991 has decreased by \$9.3 million to \$26.0 million primarily as a result of lower returns being realized on the investment portfolio than during the prior year and from the loss on disposal of some long-term investments.

In 1990, interest, dividend and other income increased by \$1.4 million to \$35.3 million. The increase was primarily attributable to increased returns on higher average investment levels than in the previous year.

In 1989, interest, dividend and other income increased by \$11.9 million from 1988 as a result of increased returns on higher investment levels, gains on sale of investments, and dividend income from the investment in Attwoods plc purchased in January 1989. The Company commenced to equity account for its investment in Attwoods plc from September 1, 1989, and this income is now included in equity in earnings of associated companies.

Equity in earnings of associated companies

This income results from the Company's equity in earnings of ADT Limited and Attwoods plc. ADT Limited is a Bermuda-based company, trading on the London and New York Stock Exchanges. ADT Limited conducts electronic security services primarily in the United States, Canada, and Europe and conducts vehicle auction services in the United Kingdom and United States. Attwoods plc is a United Kingdom-based company, which also trades on the London and New York Stock Exchanges. Attwoods plc conducts solid waste removal and disposal operations in the United States, United Kingdom, and Continental Europe.

This income for the year ended August 31, 1991 is 82% lower than 1990, primarily as a result of a significant reduction in ADT Limited's earnings from its non-core operations.

The equity in earnings from Attwoods plc, reported in 1991, reflects both increased investment levels and improved earnings over 1990.

Primarily as a result of material, adverse changes in the investments and activities of ADT Limited, other than in connection with its core businesses of security and auction services, which started initially in late 1990 and have continued to date, management has concluded that an impairment of the realizable value of its investment in ADT Limited has occurred of an other than temporary nature. Accordingly, a provision for this impairment has been recorded as an unusual item in 1991.

In 1990, the Company increased its investment in ADT Limited from 24.1% at August 31, 1989 to 28.4% at August 31, 1990 at a total cost of \$339.8 million. The substantial portion of this increase (\$211 million) occurred in September 1989. The Company also increased its investment in Attwoods plc during 1990 from 34.2% (on a fully converted basis) at August 31, 1989 to 36.9% at August 31, 1990 at a total cost of \$87.3 million.

During 1989 (primarily April 1989), the Company acquired ownership in ADT Limited that amounted to 24.1% at August 31, 1989 at a total cost of \$484.3 million. In January 1989, the Company purchased common shares of Attwoods plc and Convertible Preference Shares of Attwoods Finance N.V., which are convertible into common shares of Attwoods plc. In addition, effective August 31, 1989, the Company sold its solid waste services operations in the State of Florida and received as consideration additional Convertible Preference Shares of Attwoods Finance N.V., in the amount of \$63.6 million. At August 31, 1989, the Company's investment represented 22.5% on a basic and 34.2% on a fully converted basis of the outstanding shares of Attwoods plc. As a result of the sale of the Company's Florida solid waste services operations, and the elimination thereby of the competing aspects of the two companies' businesses, the Company commenced to equity account for its investment in Attwoods plc from September 1, 1989. Prior to this date, this dividend income was included in interest, dividend and other income. In 1989, the equity in earnings of associated company arose as a result of the above noted purchase of the investment in ADT Limited.

The increase in earnings of associated companies in 1990 to \$95.4 million from \$18.2 million is due to the combination of equity accounting for these investments for an entire year, increased ownership in these associated companies, and dividend income from Attwoods plc being included in interest, dividend and other income in 1989.

Unusual items

In 1991, the unusual items of \$461.2 million (\$1.86 per share on an after-tax basis) consists primarily of a write-down in carrying value of the Company's investment in ADT Limited to reflect a decline in realizable value that management considers to be other than temporary.

The unusual items in 1989 related to the gain on the sale of the Company's Florida solid waste services operations to Attwoods plc of approximately \$35.5 million, offset by a write-down of certain long-term investments of \$11.5 million. These unusual items amounted to \$24.0 million (\$12.3 million on an after-tax basis), or a contribution of six cents per share.

Income taxes

In 1991, the effective tax rate before accounting for unusual items increased from 14.1% in 1990 to 17.3% in 1991 primarily as a result of lower earnings from the Company's investment in ADT Limited.

In 1990, the effective tax rate decreased to 14.1%, primarily as a result of increased income from the Company's investment in ADT Limited and Attwoods plc.

In 1989, the effective tax rate decreased to 15.3% before accounting for unusual items. This decrease was primarily attributable to income from the Company's investment in ADT Limited and Attwoods plc and from the increase in interest, dividend and other income. After the unusual items, the effective tax rate increased to 18.5% as these unusual items were taxable at higher marginal rates than the overall effective income tax rate.

Income (loss) from discontinued operations

In 1991, the loss of \$15.1 million from discontinued operations consists of the Company's proportionate share of a loss reported by ADT Limited in its year ended December 31, 1990 in connection with the disposal of assets of discontinued businesses.

In 1990, the Company sold the two services businesses which, in prior years, comprised its other segment. These operations were reported as discontinued operations and previously reported financial statements have

been restated. See also Note 8 of Notes to Consolidated Financial Statements.

Extraordinary items

The extraordinary items in 1990 consisted primarily of a provision for an unresolved permitting issue at a hazardous waste services site. See also Note 9 of Notes to Consolidated Financial Statements.

Net income (loss) and earnings (loss) per share

Income from continuing operations (before unusual items) decreased by 51.1% in 1991 and increased by 35.9% and 35.5% in 1990 and 1989, respectively, and net income decreased by 260.5% in 1991 and increased by 1.8% and 43.0% in 1990 and 1989, respectively, primarily due to the factors discussed previously.

Earnings per share from continuing operations (before unusual items) decreased 53.6% to \$0.51 in 1991 and increased 19.6% and 24.3% to \$1.10 and \$0.92 in 1990 and 1989, respectively. In 1991, a loss of \$1.86 per share and in 1989 income of \$0.06 per share were derived from unusual items. Earnings (loss) per share decreased 260.2% and 12.0% to \$(1.41) and \$0.88 in 1991 and 1990, respectively, and increased 31.6% to \$1.00 in 1989. These earnings (loss) per share amounts are after providing for increases of 5.8% in 1991, 15.2% in 1990, and 14.5% in 1989 in the average number of common shares outstanding and after providing for preference dividends of \$4.6 million in 1991, \$8.5 million in 1990, and \$8.4 million in 1989. The decrease in preference share dividends of \$3.9 million in 1991 is the result of the conversion of 9,340,248 5% Cumulative Convertible First Preference Shares Series G into 14,010,366 Class B Non-Voting Shares.

The Company's consolidated financial statements have been prepared in accordance with Canadian GAAP which conform in all material respects with U.S. GAAP, except as disclosed in Note 12 of Notes to Consolidated Financial Statements.

Under U.S. GAAP, the Company could be required to adopt the liability method of accounting for income taxes beginning September 1, 1993. The impact of adopting the liability method cannot be reliably estimated at this time as the proposed accounting standard is under review by the U.S. Financial Accounting Standards Board. The Company prepares its financial statements in accordance with Canadian GAAP and any adjustment which would be required to reflect the liability method of accounting for income taxes would be a Canadian-U.S. GAAP reconciling item.

Financial condition

The Company's capital consisted of (\$000's omitted):

August 31	1991		1990		1989	
Long-term debt	\$1,507,552	46.0%	\$1,434,543	40.1%	\$ 899,012	37.2%
Deferred income taxes	89,781	2.7	88,617	2.5	53,812	2.2
Shareholders' equity	1,682,063	51.3	2,053,867	57.4	1,462,194	60.6
	\$3,279,396	100.0%	\$3,577,027	100.0%	\$2,415,018	100.0%

During the year, \$473.0 million of net cash was used in investing activities, financed by a \$73.0 million net increase in long-term debt, \$40.2 million from the conversion of preferred shares and the balance of the cash provided by operations.

The change in deferred income taxes was primarily the result of normal timing differences relating to tax and book depreciation.

Shareholders' equity decreased by a net \$371.8 million. The decrease was primarily attributable to the net loss of \$344.4 million, dividends paid of \$70.7 million offset partially by cash received of \$40.2 million on the conversion of preferred shares.

In 1990, the increase in capital of \$1,162.0 million resulted primarily from (i) the net increase in long-term debt of \$535.5 million, principally as a result of the acquisition of Tricil Limited and the additional investment in ADT Limited and Attwoods plc, (ii) the public issue in December 1989 of 20 million Class B Non-Voting Shares for net proceeds of \$438.8 million, and (iii) retained earnings for the year which, after providing for dividends of \$62.6 million, amounted to \$151.9 million.

In 1989, increases in capital of \$975.5 million resulted primarily from (i) the net increase of \$385.0 million in long-term debt primarily as a result of the acquisition of the interest in ADT Limited and Attwoods plc and capital expenditures on the acquisitions of businesses, (ii) the public issue in March 1989 of 28 million Class B Non-Voting Shares, for net proceeds of \$416.3 million, and (iii) retained earnings for the year which, after providing for dividends of \$47.8 million, amounted to \$163.0 million.

The Company had revolving/term bank lines of credit primarily for acquisition and expansion purposes of \$1,225 million of which approximately \$527 million was unused as at August 31, 1991. The Company is required to maintain certain balance sheet ratios, all of which have been met at August 31, 1991.

Liquidity

Cash from operations before financing working capital was \$404.5 million, \$409.4 million and \$322.4 million in 1991, 1990 and 1989, respectively, representing growth from the previous years of (1.2)%, 27.0% and 21.9%.

Cash, short-term deposits and marketable securities which can be liquidated readily were \$125.2 million, \$208.4 million and \$70.0 million at August 31, 1991, 1990 and 1989, respectively.

In 1991, trade and other accounts receivable increased by \$24.8 million primarily attributable to an increase in sales. The average number of days sales outstanding has increased to 57 days from 56 days in 1990.

In 1990, trade and other accounts receivable increased by \$81.5 million. The increase was attributable to expanded operations primarily as a result of the Tricil Limited acquisition, and increased government service contracts in the hazardous waste services operations, which have extended credit terms. The average days sales outstanding increased to 56 days in 1990 from 48 days in 1989.

In 1989, trade and other accounts receivable increased by \$47.4 million attributable to expanded operations. The average number of days sales outstanding increased from 43 days in 1988 to 48 days in 1989 as a result of acquisitions made in the fourth quarter contributing to receivable growth proportionately larger than to revenue growth for the year.

Management believes that the existing level of working capital of \$204.0 million is adequate for the Company's normal growth and operating needs. Trade and other accounts receivable represent the largest portion of current assets totalling \$292.7 million at August 31, 1991. The Company bills substantially all of its customers on a 30-day cycle basis and accounts receivable are generally paid on a timely basis.

Capital expenditures and capital resources

Net expenditures for the purchase of property, vehicles and other equipment and acquisitions of businesses were \$383.5 million, \$750.2 million and \$465.7 million in 1991, 1990 and 1989, respectively. Included in these amounts were \$152.7 million, \$490.0 million and \$299.5 million expended to acquire businesses in 1991, 1990 and 1989, respectively. The Company invested an additional \$52.7 million, \$427.1 million and \$681.5 million in 1991, 1990 and 1989, respectively, in ADT Limited and Attwoods plc.

Acquisitions of businesses have generally been financed with revolving bank loans at rates of at least one percent below prime. Purchases of vehicles and other equipment have generally been made from funds generated internally.

Capital expenditures for the purchase of property, vehicles and other equipment for fiscal 1992 are expected to be approximately \$250 million, which will represent normal replacement requirements and purchases of additional equipment necessary for planned increases in services. They do

not include the financing of acquisitions and new contracts which are continuously being pursued by the Company and for which there is no determinable budget. Management believes that current internal cash flows from operations are adequate to finance the aforementioned capital expenditures budget as well as to service existing debt. At September 30, 1991, the Company had unused bank lines of credit of approximately \$460 million.

Legal proceedings

Increasing levels of governmental regulation continue to have a significant effect on the waste services segments. The Company strives to conduct its operations in compliance with applicable laws and regulations. However, in the existing climate of heightened legal, political and citizen awareness and concerns, companies in the waste services industry, including the Company, will be faced with fines and penalties and the need to expend funds for remedial work and related activities at waste treatment and disposal facilities. The Company has concluded, based upon existing information and applicable laws and regulations, that the amounts expended or anticipated to be expended by the Company are not likely to be material to its operations or financial condition.

As of August 31, 1991, subsidiaries of the Company had been notified that they are potentially responsible parties in connection with 12 locations listed on the Superfund National Priority List under the Comprehensive Environmental Response, Compensation and Liability Act. The Company periodically reviews the role, if any, of each subsidiary with respect to each such location, considering the nature and extent of the subsidiary's alleged connection and the accuracy and strength of evidence connecting the potentially responsible parties at the location. The majority of these proceedings are based on allegations that certain Company subsidiaries (or their predecessors) transported hazardous substances to the facilities in question, often prior to acquisition of such subsidiaries by the Company. Based on the results of the review of the various sites, expense accruals are provided by the Company for its share of future costs associated with remedial work to be undertaken and existing accruals are revised as deemed necessary. In Canada, the Quebec Ministry of the Environment has ordered the Company to undertake remediation of buried waste at one of its sites. The Company has concluded, based upon information available at this time, that potential liabilities arising from its subsidiaries' involvement in these matters are not likely to be material to the Company's operations or financial condition.

In March 1991, three lawsuits were filed in the United States District Court for the Eastern District of Pennsylvania. These suits, seeking unquantified damages and attorneys' and other fees, are purported class actions on behalf of those persons who purchased the Company's common stock during specified periods beginning in October 1990 and continuing to March 1991. These suits generally allege that the Company prepared, issued and disseminated materially false and misleading information to plaintiffs and the investing public in violation of the Federal securities laws. The Company believes it has substantial meritorious defenses to these allegations and intends to vigorously assert its defenses.

Postretirement benefits

The Company does not provide postretirement benefits to its employees and, accordingly, will not incur any cost arising from the issuance of the U.S. Financial Accounting Standards Board Statement No. 106 – Employers' Accounting for Postretirement Benefits Other Than Pensions.

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(U.S. \$000's omitted except per share amounts)

Year Ended August 31	1991	1990	1989
Revenue	\$1,882,426	\$1,737,517	\$1,339,396
Operating expenses	1,257,419	1,137,904	881,499
Selling, general and administrative expenses	161,928	120,709	79,685
Depreciation and amortization	216,245	187,705	138,602
Income from operations	246,834	291,199	239,610
Interest expense	(133,106)	(112,962)	(60,963)
Interest, dividend and other income	26,009	35,286	33,865
Equity in earnings of associated companies	17,455	95,355	18,210
Unusual items (Note 6)	(461,203)	—	24,006
Income (loss) from continuing operations before income taxes	(304,011)	308,878	254,728
Income taxes (Note 7)	25,250	43,400	47,018
Income (loss) from continuing operations	(329,261)	265,478	207,710
Income (loss) from discontinued operations (Note 8)	(15,100)	(17,550)	3,075
Income (loss) before extraordinary items	(344,361)	247,928	210,785
Extraordinary items (Note 9)	—	(33,422)	—
Net income (loss)	\$ (344,361)	\$ 214,506	\$ 210,785
Earnings (loss) per share (Note 10)			
Continuing operations			
— before unusual items	\$0.51	\$1.10	\$0.92
— unusual items	(1.86)	—	0.06
Discontinued operations	(1.35)	1.10	0.98
Extraordinary items	(0.06)	(0.08)	0.02
Net income (loss)	\$ (1.41)	\$0.88	\$1.00
Retained earnings – beginning of year	\$ 530,181	\$ 383,211	\$ 223,743
Net income (loss)	(344,361)	214,506	210,785
Dividends – Preference Shares	(4,570)	(8,535)	(8,361)
— Class A and Class B Non-Voting Shares	(66,141)	(54,056)	(39,398)
Share issue expenses (net of income taxes)	—	(4,945)	(3,558)
Retained earnings – end of year	\$ 115,109	\$ 530,181	\$ 383,211

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(U.S. \$000's omitted)

Year Ended August 31	1991	1990	1989
Net cash provided by (used in):			
Operating activities	\$ 366,364	\$ 371,986	\$ 287,087
Investing activities	(473,041)	(1,173,948)	(1,088,891)
Financing activities	23,487	940,422	761,308
	(83,190)	138,460	(40,496)
Cash, short-term deposits and marketable securities – beginning of year	208,416	69,956	110,452
Cash, short-term deposits and marketable securities – end of year	\$ 125,226	\$ 208,416	\$ 69,956
Operating activities			
Income (loss) from continuing operations	\$ (329,261)	\$ 265,478	\$ 207,710
Add (deduct) items not affecting cash:			
Depreciation and amortization	216,245	187,705	138,602
Deferred income taxes	750	9,590	16,937
Equity in earnings of associated companies	56,902	(51,979)	(18,210)
Unusual items (Note 6)	457,048	—	(24,006)
Other	2,804	(1,354)	1,380
Cash from continuing operating activities before financing working capital	404,488	409,440	322,413
Cash used in financing working capital (Note 11)	(38,124)	(44,550)	(45,483)
Net cash provided by continuing operating activities	366,364	364,890	276,930
Net cash provided by discontinued operating activities	—	7,096	10,157
Net cash provided by operating activities	\$ 366,364	\$ 371,986	\$ 287,087
Investing activities			
Proceeds from sale of property and equipment	\$ —	\$ —	\$ 63,606
– Sale of Florida waste services operations (Note 6)	—	—	—
– Other	27,009	19,657	26,118
Purchase of property and equipment	(248,448)	(271,309)	(181,834)
Purchase of other assets	(9,361)	(8,539)	(10,427)
Purchased on acquisitions (Note 13)			
– Property and equipment	(107,917)	(321,243)	(253,878)
– Other assets	(44,829)	(168,802)	(45,637)
Increase (decrease) in working capital relating to acquisitions	(5,279)	6,172	—
Proceeds from sale of long-term investments	9,201	4,468	12,310
Increase in long-term investments			
– ADT Limited and Attwoods plc	(52,701)	(427,100)	(681,500)
– Others	(13,541)	(1,919)	(11,890)
Discontinued operations	(1,804)	(5,333)	(5,759)
Extraordinary items	(15,850)	—	—
Prior period adjustment	(9,521)	—	—
Net cash used in investing activities	\$ (473,041)	\$(1,173,948)	\$(1,088,891)
Financing activities			
Net proceeds from share issues and conversions (Note 4)	\$ 42,175	\$ 448,799	\$ 416,759
Increase in long-term debt	651,596	1,884,750	1,486,847
Increase in non-current liabilities on acquisitions (Note 13)	154,967	448,443	297,581
Reduction in long-term debt	(754,540)	(1,778,979)	(1,392,120)
Dividends	(70,711)	(62,591)	(47,759)
Net cash provided by financing activities	\$ 23,487	\$ 940,422	\$ 761,308

The accompanying notes are an integral part of these statements.

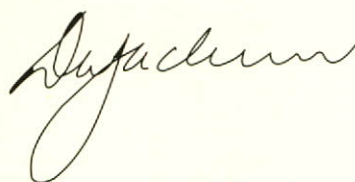
CONSOLIDATED BALANCE SHEETS

(U.S. \$000's omitted)

August 31	1991	1990
Assets		
Current Assets		
Cash and short-term deposits	\$ 7,177	\$ 3,709
Marketable securities – at cost which approximates market value	118,049	204,707
Trade and other accounts receivable (net of allowance for doubtful accounts of \$5,453; 1990 – \$5,419)	292,681	267,907
Income taxes recoverable	33,033	1,810
Inventories	28,980	26,988
Other current assets	40,028	35,322
Total current assets	519,948	540,443
Long-term investments (Note 2)	776,369	1,224,334
Fixed assets		
Land, landfill sites and improvements	928,531	848,163
Buildings	155,679	133,442
Vehicles and other equipment	1,388,509	1,209,969
	2,472,719	2,191,574
Less: Accumulated depreciation and amortization	638,955	489,926
	1,833,764	1,701,648
Other assets		
Excess cost of businesses purchased over fair value of net tangible assets acquired (net of accumulated amortization of \$49,051; 1990 – \$33,987)	450,925	417,655
Deferred charges	14,310	10,859
	465,235	428,514
	\$3,595,316	\$3,894,939

The accompanying notes are an integral part of these statements.

Signed on behalf of the Board



Donald K. Jackson, Director



Donald M. Green, C.M., Director

August 31	1991	1990
Liabilities		
Current liabilities		
Accounts payable	\$ 104,559	\$ 95,119
Accrued liabilities	174,594	174,072
Current portion of long-term debt (Note 3)	36,767	48,721
Total current liabilities	315,920	317,912
Long-term debt (Note 3)	1,507,552	1,434,543
Deferred income taxes	89,781	88,617
	1,913,253	1,841,072
Commitments and contingencies (Note 14)		
Shareholders' equity		
Preference Shares (Note 4)	9,609	147,042
Class A Shares; issued and outstanding 47,632,092 (1990 - 47,632,092) (Note 4)	2,871	2,871
Class B Non-Voting Shares; issued and outstanding 205,703,811 (1990 - 191,423,435) (Note 4)	1,594,022	1,414,414
Cumulative foreign currency translation adjustments (Note 5)	(39,548)	(40,641)
Retained earnings	115,109	530,181
Total shareholders' equity	1,682,063	2,053,867
	\$3,595,316	\$3,894,939

The accompanying notes are an integral part of these statements.

A U D I T O R S ' R E P O R T T O T H E S H A R E H O L D E R S

We have audited the consolidated balance sheets of Laidlaw Inc. as at August 31, 1991 and 1990 and the consolidated statements of income and retained earnings and changes in financial position for each of the three years in the period ended August 31, 1991. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 1991 and 1990 and the results of its operations and the changes in its financial position for each of the three years in the period ended August 31, 1991 in accordance with generally accepted accounting principles.

Coopers and Lybrand

Hamilton, Canada
October 16, 1991

Coopers & Lybrand
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The consolidated financial statements of Laidlaw Inc. ("the Company") have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") and all figures are presented in U.S. dollars, as the majority of the Company's operating assets are located in the United States. Except as indicated in Note 12, the consolidated financial statements conform, in all material respects, with accounting principles generally accepted in the United States ("U.S. GAAP").

Consolidation

The consolidated financial statements include the accounts of Laidlaw Inc. and all of its subsidiary companies. All significant intercompany transactions are eliminated. The purchase method of accounting for business combinations has been used.

Inventories

Inventories are valued at the lower of cost, determined on a first in, first out basis, and replacement cost.

Long-term investments

Investments in shares of associated companies, over which the Company has significant influence, are accounted for by the equity method. Other long-term investments are carried at cost.

Fixed assets

Landfill sites, preparation costs and improvements are recorded at cost and amortized on the basis of landfill capacity utilized during the year.

Depreciation and amortization of other property and equipment is provided substantially on a straight-line basis over their estimated useful lives which are as follows:

Buildings – 20 to 40 years, and

Vehicles and other equipment – 5 to 15 years.

Other assets

The excess cost of businesses purchased over the fair value of net tangible assets acquired is amortized on a straight-line basis over forty years. Deferred charges are amortized on a straight-line basis over a two to five year period depending on the nature of the deferred costs.

Income taxes

Deferred income taxes are provided for all significant timing differences arising from recognizing certain expenses, principally depreciation, in different periods for income tax and financial reporting purposes.

Foreign currency translation

The Company's operations are all of a self-sustaining nature. Their accounts are translated to U.S. dollars on the following basis:

Assets and liabilities at the exchange rate in effect at the balance sheet date, and

Income and expenses at weighted monthly average exchange rates for the year.

Comparative figures

Certain figures for the year ended August 31, 1989 have been reclassified to conform to the current year's presentation.

2. Long-term investments (\$000's omitted)

August 31	1991	1990
Associated companies – at equity		
ADT Limited (market value – \$255,231; 1990 – \$825,206) (ownership percentage – 28.4%; 1990 – 28.4%)	\$435,750	\$ 891,643
Attwoods plc (market value – \$277,031; 1990 – \$318,650) (ownership percentage – 27.4%; 1990 – 29.5%)	290,605	287,236
	726,355	1,178,879
Other long-term investments – at cost	50,014	45,455
	\$776,369	\$1,224,334

Effective August 31, 1991, the Company wrote down its investment in ADT Limited to reflect a decline in realizable value that was other than temporary (Note 6).

The excess of the carrying value over the Company's share of the underlying net assets of these associated companies of \$177.2 million (1990 – \$536.5 million) is being amortized on a straight-line basis over forty years.

The investment in Attwoods plc consists of both ordinary shares and Convertible Preference Shares, which represent 34.7% (1990 – 36.9%) of the votes on a fully converted basis.

Summarized financial information for ADT Limited and Attwoods plc which has been extracted from the most recent audited financial information available, is as follows:

	ADT Limited Year Ended December 31		Attwoods plc Year Ended July 31	
	1990	1989	1991	1990
Revenue	\$1,151,600	\$ 961,200	\$528,600	\$383,200
Income from operations	185,600	210,800	63,100	43,200
Income from continuing operations	142,300	225,700	46,400	22,600
Net income	32,700	132,500	46,400	22,600
Current assets	880,400	1,855,500	180,300	115,400
Non-current assets	2,843,900	2,065,800	738,800	572,000
Current liabilities	451,500	633,800	247,800	94,900
Non-current liabilities	1,485,100	1,235,200	104,700	68,100
Redeemable preference stock	487,000	701,600	—	—

ADT Limited conducts electronic security services and vehicle auction services businesses in North America and Europe. Attwoods plc conducts solid waste removal and disposal operations in the United States, United Kingdom, and continental Europe.

3. Long-term debt (\$000's omitted)

August 31	1991	1990
Revolving/term bank loans (interest rates averaging 6.25% at August 31, 1991; 1990 - 8.50%). As a result of swap agreements, the interest rate on \$450,000 of these loans has been fixed at 9.39% to 1993	\$ 664,649	\$ 756,240
9.03% notes due December 19, 1995 with an interest rate as a result of a swap agreement of 8.76%	230,000	230,000
10.47% notes due November 1, 1994	170,000	170,000
9.49% notes due December 29, 1993, with interest rates, as a result of a swap agreement, of LIBOR plus 0.20%	155,000	155,000
12.08% Cdn. \$173,500 notes due January 14, 2031 with interest rates, as a result of swap agreements of 6.99%, with an average term to 1999 as a result of exercised interest prepayment options	152,365	—
Notes due at various dates to 1997, with interest rates from 6% to 11%	166,341	167,278
Other, including mortgages, lien notes and obligations under capital leases	5,964	4,746
	1,544,319	1,483,264
Less current portion	36,767	48,721
	\$1,507,552	\$1,434,543

On August 31, 1991, the Company had available \$1,225 million (1990 - \$1,267 million) of revolving/term bank credit agreements of which approximately \$527 million (1990 - \$485 million) was unused, with interest generally at the lower of the bank prime rates or money market rates plus fees of approximately 0.50%. Revolving periods generally extend for two years and if not extended, the line to the extent being used at the end of the revolving period will become repayable in equal semi-annual instalments of principal over the next five years.

Under these agreements, the Company is required to maintain certain balance sheet ratios, all of which have been met at August 31, 1991.

The aggregate amount of minimum payments required on long-term debt in each of the years indicated below is as follows:

Year ending August 31,	1992	\$ 36,767
	1993	273,863
	1994	370,542
	1995	308,972
	1996	364,183
	thereafter	189,992
		\$1,544,319

4. Capital stock (\$000's omitted except per share amounts)**(a) Authorized**

Unlimited numbers of First, Second, Third and Fourth Preference Shares, each of which is issuable in series, are authorized. Unlimited numbers are designated as First Preference Shares Series E, Convertible First Preference Shares Series F and Convertible First Preference Shares Series G.

Unlimited numbers of voting Class A Shares and Class B Non-Voting Shares are authorized. Class B Non-Voting Shares are entitled to certain priorities in the payment of dividends. After payment of a similar amount on the Class A Shares, Class B Non-Voting Shares rank equally in further distributions.

(b) Issued and fully paid preference shares

August 31	1991	1990
5% Cumulative Convertible First Preference Shares Series G; issued at Cdn. \$20 per share, convertible into 1.5 Class B Non-Voting Shares upon payment of Cdn. \$8 on or before the earlier of February 17, 1994 and the day preceding the date fixed for redemption. They are redeemable prior to February 18, 1994, at the Company's discretion, if the market price of the Class B Non-Voting Shares on the fifth trading day prior to the date on which notice of redemption is given exceeds 125% of the conversion price on the date fixed for redemption, and after February 17, 1994 are redeemable, at the Company's discretion, at Cdn. \$20; issued and outstanding 653,070 (1990 - 9,993,318)	\$ 9,609	\$147,042

(c) Material changes in all classes of Capital Stock since September 1, 1988:

- (i) During the first quarter of fiscal 1989, the 6% Cumulative Convertible First Preference Shares Series F were called for redemption. Prior to redemption, 225,536 of these 6% Cumulative Convertible First Preference Shares Series F with a stated value of \$4,128 were converted to 618,706 Class B Non-Voting Shares. The remaining 18,974 6% Cumulative Convertible First Preference Shares Series F with a stated value of \$347 were redeemed at a total cost of \$396.
- (ii) On March 21, 1989, the Company issued 28,000,000 Class B Non-Voting Shares for net proceeds of \$416,254.
- (iii) On May 1, 1989, stock options representing 236,250 Class B Non-Voting Shares were exercised for proceeds of \$512.
- (iv) On October 31, 1989, the Company issued 342,246 Class B Non-Voting Shares in the amount of \$6,812 as partial consideration for the acquisition of a business.
- (v) On December 6, 1989, the Company issued 20,000,000 Class B Non-Voting Shares for net proceeds of \$438,752.
- (vi) On December 29, 1989, the Company issued 86,957 Class B Non-Voting Shares in the amount of \$1,917 as partial consideration for the acquisition of a business.

- (vii) On May 1, 1990, stock options representing 276,750 Class B Non-Voting Shares were exercised for proceeds of \$1,292.
- (viii) During fiscal 1991, 9,340,248 5% Cumulative Convertible First Preference Shares Series G with a stated value of \$137,433 were converted to 14,010,366 Class B Non-Voting Shares. The proceeds from this conversion were \$40,233.
- (ix) On May 1, 1991, stock options representing 270,000 Class B Non-Voting Shares were exercised for proceeds of \$1,942.

(d) Employee stock option program

Effective in 1984, the directors of the Company set aside 2,700,000 Class B Non-Voting Shares for issuance under an employee stock option program. Options were granted under this plan on May 1 of each year from 1984 to 1990. These options are exercisable on the 5th anniversary of their date of granting provided that, if the closing price per share on The Toronto Stock Exchange on any of the ten trading days immediately preceding the exercise date of the option is less than the exercise price, the date of exercise is postponed to the next anniversary date of the grant. In 1991, the Directors of the Company set aside ten million Class B Non-Voting Shares for issuance under the 1991 employee stock option program. All options under this plan are for a term of ten years from the date of grant and become exercisable with respect to 20% of the total number of shares subject to the option, one year after the date, and with respect to an additional 20% at the end of each twelve month period thereafter on a cumulative basis during the succeeding four years. Both plans provide for the granting of stock options to certain senior employees and officers of the Company at the discretion of the Board of Directors. All options are subject to certain conditions of service and a non-competition agreement. At August 31, 1991, the aggregate options outstanding entitled holders to purchase 2,019,500 Class B Non-Voting Shares. Options to purchase Class B Non-Voting Shares have been granted under the 1984 plan as follows:

232,000 Class B Non-Voting Shares at Cdn. \$18.42 per share exercisable May 1, 1992

247,750 Class B Non-Voting Shares at Cdn. \$14.63 per share exercisable May 1, 1993

419,750 Class B Non-Voting Shares at Cdn. \$15.75 per share exercisable May 1, 1994

407,750 Class B Non-Voting Shares at Cdn. \$22.75 per share exercisable May 1, 1995

Options to purchase Class B Non-Voting Shares have been granted under the 1991 plan as follows:

712,250 Class B Non-Voting Shares at Cdn. \$14.00 per share granted May 1, 1991

5. Cumulative foreign currency translation adjustments

(\$000's omitted)

An analysis of the cumulative foreign currency translation adjustments included in shareholders' equity is as follows:

August 31	1991	1990
Balance - beginning of year	\$ (40,641)	\$ (31,599)
Translation adjustments for the year	1,093	(9,042)
Balance - end of year	\$ (39,548)	\$ (40,641)

6. Unusual items (\$000's omitted)

Unusual items of \$461,203 in 1991 consist primarily of a write-down of the Company's investment in ADT Limited due to a decline in realizable value that management considers to be other than temporary. In 1989, unusual items consisted of a gain on the sale of the Florida solid waste services operations of \$35,506 partially offset by a write-down of long-term investments of \$11,500. The effect of these unusual items on earnings (loss) per share, net of income taxes was \$(1.86) (1989 - \$0.06) per share.

7. Income taxes (\$000's omitted)

Income before income taxes and provision for income taxes by geographic area are as follows:

Year Ended August 31	1991	1990	1989
Income (loss) before income taxes			
United States and foreign	\$ (277,236)	\$ 290,281	\$ 244,264
Canada	(26,775)	18,597	10,464
	\$ (304,011)	\$ 308,878	\$ 254,728
Provision for (recovery of) current income taxes			
United States and foreign	\$ 16,750	\$ 35,997	\$ 27,380
Canada	7,750	(2,187)	2,701
	24,500	33,810	30,081
Provision for (recovery of) deferred income taxes			
United States and foreign	16,500	(1,788)	14,438
Canada	(15,750)	11,378	2,499
	750	9,590	16,937
Total provision for income taxes	\$ 25,250	\$ 43,400	\$ 47,018
The Company's effective income tax rates are as follows:			
Combined basic Canadian Federal and Provincial income tax rate	43.5%	43.5%	43.5%
Canadian Federal surtax	—	0.1	0.1
Effect of lower tax rates applicable to U.S. and foreign income	17.6	(21.3)	(22.4)
Effect of lower tax rate applicable to dividend and other income and equity in earnings of associated companies	3.8	(12.2)	(3.9)
Effect of non-deductible portion of unusual items	(67.1)	—	—
Other	(6.1)	4.0	1.2
	(8.3)%	14.1%	18.5%

Under U.S. GAAP, the Company could be required to adopt the liability method of accounting for income taxes for its fiscal year beginning September 1, 1993. The impact of adopting the liability method cannot be reliably estimated at this time as the proposed accounting standard is under review by the U.S. Financial Accounting Standards Board. The Company prepares its financial statements in accordance with Canadian GAAP and any adjustment which would be required to reflect the application of the liability method of accounting for income taxes will be a Canadian-U.S. GAAP reconciling item.

8. Discontinued operations (\$000's omitted)

In 1991, the loss of \$15,100 from discontinued operations consists of the Company's proportionate share of a loss reported by ADT Limited in its year ended December 31, 1990 in connection with its disposal of assets of discontinued businesses.

During 1990, the Company sold the two service businesses which, in prior years, comprised its other segment. These operations were reported as discontinued operations and previously reported financial statements have been restated. Summarized financial information for these divisions for 1990 and 1989 is set out below:

Year Ended August 31	1990	1989
Revenue	\$ 65,933	\$ 73,979
Income from operations	1,761	7,388
Interest expense net of other income	(4,401)	(4,431)
Income (loss) before income taxes	(2,640)	2,957
Income taxes	723	118
Income (loss) from discontinued operations before loss on disposal	(1,917)	3,075
Loss on disposal (net of income taxes of \$2,400)	(15,633)	—
Income (loss) from discontinued operations	\$ (17,550)	\$ 3,075
Identifiable assets	\$ 19,985	\$ 62,790

9. Extraordinary items (\$000's omitted)

Year Ended August 31	1991	1990	1989
Provision for unresolved permitting issue at a hazardous waste services site, net of income taxes of \$11,500	\$ —	\$ 30,822	\$ —
Other, net of income taxes of \$400	—	2,600	—
	\$ —	\$ 33,422	\$ —

10. Earnings (loss) per share (\$000's omitted except per share amounts)

The earnings (loss) per share figures are calculated using the weighted average number of shares outstanding during the respective fiscal years. Assumed conversion of the convertible preference shares and exercise of employee stock options would not be dilutive.

Information required to calculate the basic or primary earnings (loss) per share is as follows:

Year Ended August 31	1991	1990	1989
Income from continuing operations before unusual items	\$ 129,942	\$265,478	\$195,404
Preference share dividends	4,570	8,535	8,361
Income from continuing operations before unusual items available to common shareholders	125,372	256,943	187,043
Unusual items (net of tax)	(459,203)	—	12,306
Income (loss) from discontinued operations	(15,100)	(17,550)	3,075
Extraordinary items	—	(33,422)	—
Net income (loss) available to common shareholders	\$ (348,931)	\$205,971	\$202,424
Weighted average number of shares outstanding (in thousands)	246,734	233,522	202,704
Earnings (loss) per share			
– Continuing operations			
– before unusual items	\$0.51	\$1.10	\$0.92
– unusual items	(1.86)	—	0.06
	(1.35)	1.10	0.98
– Discontinued operations	(0.06)	(0.08)	0.02
– Extraordinary items	—	(0.14)	—
– Net income (loss)	\$ (1.41)	\$0.88	\$1.00

11. Cash provided by (used in) financing working capital
(\$000's omitted)

Year Ended August 31	1991	1990	1989
Trade and other accounts receivable	\$ (24,774)	\$ (95,243)	\$ (48,712)
Income taxes recoverable/payable	(31,223)	(7,201)	5,776
Inventories	(1,992)	(1,577)	(4,490)
Other current assets	(4,706)	(7,665)	(4,069)
Accounts payable and accrued liabilities	24,571	67,136	6,012
	\$ (38,124)	\$ (44,550)	\$ (45,483)

12. Canadian and United States accounting principles (\$000's omitted except per share amounts)

These consolidated financial statements have been prepared in accordance with Canadian GAAP which conform in all material respects with U.S. GAAP, except as noted below:

- (1) In 1991, earnings (loss) per share from continuing operations would under U.S. GAAP, be reported as a loss of \$1.35 per share, without identifying separately the earnings (loss) per share before unusual items.
- (2) The item reported in 1990 to settle a legal obligation of \$15,000, which was accounted as a prior period adjustment under Canadian GAAP would be reported as an extraordinary loss under U.S. GAAP. The effect on earnings per share in 1990 would be \$0.06 loss from extraordinary item.
- (3) Items reported in 1990 as extraordinary items under Canadian GAAP (Note 9) would be included in income from continuing operations under U.S. GAAP as unusual and non-recurring items.

Thus, 1990 results of operations under U.S. GAAP would be reported as follows:

	Income from continuing operations	EPS	Net Income	EPS
Canadian GAAP earnings available to common shareholders	\$256,943	\$1.10	\$205,971	\$0.88
(1) Extraordinary loss	—	—	(15,000)	(0.06)
(2) Unusual and non-recurring items	(33,422)	(0.14)	—	—
U.S. GAAP earnings available to common shareholders	\$223,521	\$0.96	\$190,971	\$0.82

- (4) In December 1987, the Company's formerly 79% owned subsidiary, Laidlaw Industries, Inc., bought back all of its outstanding common shares not owned by the Company for an aggregate consideration of approximately \$94.5 million, and the excess cost over book value of the common shares acquired of \$65.5 million was charged to retained earnings as a capital transaction. Under U.S. GAAP, this transaction would be accounted for by the purchase method of accounting for

business combinations, and all consideration would be allocated to the fair value of the underlying net assets being acquired.

As at August 31, 1991, this treatment would have had the approximate effect of increasing the carrying values of certain landfill properties by \$4.0 million (1990 - \$4.3 million), the excess cost of businesses purchased over fair value of net tangible assets acquired by \$54.6 million (1990 - \$56.1 million), and the total assets and shareholders' equity by \$58.6 million (1990 - \$60.4 million). The effect on net income (loss), income (loss) from continuing operations, and earnings (loss) per share would be immaterial in 1991, 1990 and 1989.

13. Acquisitions (\$000's omitted except per share amounts)

During the current year, the Company purchased 25 solid waste services businesses, 4 hazardous waste services businesses and 6 passenger services businesses. During the year ended August 31, 1990, the Company purchased 27 solid waste services businesses, 9 hazardous waste services businesses and 6 passenger services businesses. During the year ended August 31, 1989, the Company purchased 26 solid waste services businesses, 4 hazardous waste services businesses and 10 passenger services businesses.

These acquisitions have been accounted for as purchases, and accordingly, these financial statements include the results of operations of the acquired businesses from the dates of acquisition. The net assets acquired are summarized as follows:

Year Ended August 31	1991	1990	1989
Net tangible assets acquired at book value	\$ 62,348	\$ 54,312	\$132,788
Increase of net tangible assets to fair value at dates of acquisition	47,061	138,602	126,504
Excess of cost over fair value of net tangible assets acquired	41,433	168,345	35,377
Total consideration given	\$150,842	\$361,259	\$294,669
Total use of working capital on these acquisitions consisted of:			
Non-current assets acquired	\$152,746	\$490,045	\$299,515
Non-current liabilities assumed	4,125	87,184	19,826
	148,621	402,861	279,689
Long-term debt financing	150,842	361,259	277,755
Net increase (decrease) in working capital	\$ 2,221	\$ (41,602)	\$ (1,934)

Pro forma data (unaudited)

Condensed pro forma income statement data, as if acquisitions each year had been acquired at the beginning of the previous year, are as follows:

Year Ended August 31	1991	1990	1989
Income statement data			
Revenue	\$1,967,170	\$1,982,746	\$1,750,887
Income from continuing operations before unusual items	131,409	276,437	205,736
Earnings per share from continuing operations before unusual items	\$0.51	\$1.15	\$0.97

14. Commitments and contingencies (\$000's omitted)**Lease commitments**

Rental expense incurred under operating leases was \$39,065, \$34,686, and \$23,140 in 1991, 1990, and 1989 respectively.

Rentals payable under operating leases for premises and equipment are as follows:

Year ending August 31,	1992	\$25,039
	1993	20,250
	1994	15,967
	1995	11,183
	1996	8,757
	thereafter	29,011

Legal proceedings

In the ordinary course of conducting its business, the Company becomes involved in lawsuits, administrative proceedings and governmental investigations involving environmental matters. While the final resolution of these proceedings may have an impact on the financial results for a particular period, the Company does not believe that these matters are material to its business or financial condition.

In March 1991, three lawsuits were filed in the United States District Court for the Eastern District of Pennsylvania. These suits, seeking unquantified damages and attorneys' and other fees, are purported class actions on behalf of those persons who purchased the Company's common stock during specified periods beginning in October 1990 and continuing to March 1991. These suits generally allege that the Company prepared, issued and disseminated materially false and misleading information to plaintiffs and the investing public in violation of the Federal securities laws. The Company believes it has substantial meritorious defenses to these allegations and intends to vigorously assert its defenses.

Postretirement benefits

The Company does not provide postretirement benefits to its employees and, accordingly, will not incur any cost arising from the issuance of the U.S. Financial Accounting Standards Board Statement No. 106 - Employers' Accounting for Postretirement Benefits Other Than Pensions.

15. Segmented information (\$000's omitted)

Solid Waste Services			
Year Ended August 31	1991	1990	1989
Revenue	\$ 773,809	\$ 699,536	\$593,053
Income from operations	92,553	124,039	113,677
Total identifiable assets	1,134,637	1,014,142	747,934
Capital expenditures	193,744	298,907	158,535
Depreciation and amortization	100,602	82,674	62,809

Hazardous Waste Services			
Year Ended August 31	1991	1990	1989
Revenue	\$ 440,639	\$ 390,367	\$157,634
Income from operations	70,514	80,436	32,645
Total identifiable assets	897,481	746,170	389,497
Capital expenditures	155,195	358,767	165,940
Depreciation and amortization	45,405	35,243	14,626

Passenger Services			
Year Ended August 31	1991	1990	1989
Revenue	\$ 667,978	\$ 647,614	\$588,709
Income from operations	83,767	86,724	93,288
Total identifiable assets	659,308	663,454	634,537
Capital expenditures	57,471	108,327	164,059
Depreciation and amortization	67,036	67,356	59,181

Geographic

United States			
Year Ended August 31	1991	1990	1989
Revenue	\$1,329,329	\$1,259,786	\$1,018,384
Income from operations	154,751	208,719	184,509
Total identifiable assets	1,881,247	1,765,665	1,448,554

Canada			
Year Ended August 31	1991	1990	1989
Revenue	\$ 553,097	\$ 477,731	\$ 321,012
Income from operations	92,083	82,480	55,101
Total identifiable assets	810,179	658,101	323,414

Consolidated

Year Ended August 31	1991	1990	1989
Revenue	\$1,882,426	\$1,737,517	\$1,339,396
Income from operations	246,834	291,199	239,610
Interest expense net of other income	(107,097)	(77,676)	(27,098)
Equity in earnings of associated companies	17,455	95,355	18,210
Unusual items	(461,203)	—	24,006
Income taxes	(25,250)	(43,400)	(47,018)
Income (loss) from continuing operations	\$ (329,261)	\$ 265,478	\$ 207,710
Total identifiable assets of segments	\$2,691,426	\$2,423,766	\$1,771,968
Assets of discontinued operations	—	19,985	62,790
Corporate assets	903,890	1,451,188	816,518
Total assets	\$3,595,316	\$3,894,939	\$2,651,276
Capital expenditures	\$ 410,555	\$ 769,893	\$ 491,776
Depreciation and amortization	216,245	187,705	138,602

16. Quarterly financial information (unaudited) (\$000's omitted except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue					
– 1991	\$516,691	\$454,917	\$504,606	\$406,212	\$1,882,426
– 1990	404,078	423,998	494,384	415,057	1,737,517
Income from operations					
– 1991	94,863	54,154	71,377	26,440	246,834
– 1990	75,524	69,796	84,938	60,941	291,199
Income from continuing operations before unusual items					
– 1991	77,536	17,782	31,017	3,607	129,942
– 1990	61,265	60,927	73,726	69,560	265,478
Unusual items (net of tax)					
– 1991	—	—	10,000	(469,203)	(459,203)
– 1990	—	—	—	—	—
Income (loss) from discontinued operations					
– 1991	—	(15,100)	—	—	(15,100)
– 1990	(19)	(663)	(485)	(16,383)	(17,550)
Extraordinary items					
– 1991	—	—	—	—	—
– 1990	—	—	—	(33,422)	(33,422)
Net income (loss)					
– 1991	77,536	2,682	41,017	(465,596)	(344,361)
– 1990	61,246	60,264	73,241	19,755	214,506
Earnings per share – Income from continuing operations before unusual items					
– 1991	0.32	0.06	0.12	0.01	0.51
– 1990	0.27	0.25	0.30	0.28	1.10
Earnings (loss) per share – Net income (loss)					
– 1991	0.32	0.00	0.16	(1.84)	(1.41)
– 1990	0.27	0.24	0.30	0.07	0.88

S E L E C T E D F I N A N C I A L I N F O R M A T I O N

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). These consolidated financial statements conform, in all material respects, with accounting principles generally accepted in the United States ("U.S. GAAP"), except for the reporting of certain extraordinary items and a prior period adjustment in 1990 and the reporting of the Company's subsidiary's capital transaction in 1988. See also Note 12 of Notes to Consolidated Financial Statements.

Year Ended August 31	1991	1990	1989	1988	1987
Income Statement Data Under Canadian GAAP					
		(\$000's omitted except per share amounts)			
Revenue	\$1,882,426	\$1,737,517	\$1,339,396	\$1,113,636	\$ 851,896
Income from operations	246,834	291,199	239,610	195,097	138,067
Income from continuing operations before unusual items	129,942	265,478	195,404	144,185	92,022
Income (loss) from continuing operations	(329,261)	265,478	207,710	144,185	92,022
Income (loss) before extraordinary items	(344,361)	247,928	210,785	147,406	92,272
Net income (loss)	(344,361)	214,506	210,785	147,406	92,272
Earnings per share from continuing operations					
before unusual items	0.51	1.10	0.92	0.74	0.53
Earnings (loss) per share from continuing operations	(1.35)	1.10	0.98	0.74	0.53
Earnings (loss) per share before extraordinary items	(1.41)	1.02	1.00	0.76	0.53
Earnings (loss) per share	(1.41)	0.88	1.00	0.76	0.53
Dividends per Class A Share	0.268	0.231	0.192	0.147	0.089
Dividends per Class B Non-Voting Share	0.268	0.231	0.192	0.147	0.089
Average number of Class A and Class B Shares (000's)	246,734	233,522	202,704	176,974	154,547
Approximate Amounts Under U.S. GAAP					
Income (loss) from continuing operations	\$ (329,261)	\$ 232,056	\$ 207,710	\$ 144,185	\$ 92,022
Income (loss) before extraordinary items	(344,361)	214,506	210,785	147,406	92,272
Net income (loss)	(344,361)	199,506	210,785	147,406	92,272
Earnings (loss) per share from continuing operations	(1.35)	0.96	0.98	0.74	0.53
Earnings (loss) per share before extraordinary items	(1.41)	0.88	1.00	0.76	0.53
Earnings (loss) per share	(1.41)	0.82	1.00	0.76	0.53
Balance Sheet Data (at end of year) Under Canadian GAAP					
Working capital	\$ 204,028	\$ 222,531	\$ 68,405	\$ 94,212	\$ 99,848
Property and equipment, net	1,833,764	1,701,648	1,344,316	1,075,228	781,304
Total assets	3,595,316	3,894,939	2,651,276	1,636,927	1,254,173
Long-term debt	1,507,552	1,434,543	899,012	514,036	180,201
Minority interest	—	—	—	—	31,128
Shareholders' equity	1,682,063	2,053,867	1,462,194	891,630	847,867
Other Data					
Operating margin	13.1%	16.8%	17.9%	17.5%	16.2%
Pre-tax margin*	8.4	17.8	17.2	17.3	15.8
After-tax margin*	6.9	15.3	14.6	12.9	10.8
Return on average common shareholders' equity*	6.1	15.1	19.0	20.5	22.4
Return on assets*	3.5	8.1	9.3	10.2	9.7
Long-term debt/capital	46.0	40.1	37.2	35.7	16.7
Long-term debt/equity	89.6	69.8	61.5	57.7	21.3
* Before unusual items					

The following table sets forth, for the periods and dates indicated, certain information concerning the Canadian dollar exchange rate for translating United States dollars based on the noon buying rate in New York City for cable transfers payable in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

Year Ended August 31	1991	1990	1989	1988	1987
High	Cdn. \$1.1678	Cdn. \$1.2068	Cdn. \$1.2390	Cdn. \$1.3145	Cdn. \$1.3889
Low	1.1422	1.1316	1.1713	1.2118	1.3193
Average	1.1553	1.1710	1.1958	1.2643	1.3506
End of year	1.1422	1.1545	1.1763	1.2400	1.3196

On October 16, 1991, the noon buying rate in New York City for the U.S. dollar, as reported by the Federal Reserve Bank of New York, was Cdn. \$1.1307.

STOCK MARKET INFORMATION AND DIVIDENDS

The Company's Class A Shares and Class B Non-Voting Shares are listed on The Toronto Stock Exchange and the Montreal Exchange and, since December 10, 1990, on the New York Stock Exchange (trading symbols LDWA and LDWB, respectively). Prior to December 10, 1990, they traded on the NASDAQ National Market System.

The following table sets forth the reported high and low sales prices, in Canadian dollars, for the Class A Shares and the Class B Non-Voting Shares on The Toronto Stock Exchange for the periods indicated.

1990 Fiscal Year	Class A Shares		Class B Non-Voting Shares	
	High	Low	High	Low
First Quarter	\$27.00	\$19.63	\$26.88	\$19.00
Second Quarter	28.38	23.63	28.38	23.63
Third Quarter	26.63	21.88	26.75	21.88
Fourth Quarter	28.13	21.25	28.13	20.88
1991 Fiscal Year	Class A Shares		Class B Non-Voting Shares	
	High	Low	High	Low
First Quarter	\$22.63	\$18.25	\$22.50	\$17.88
Second Quarter	23.50	18.25	23.50	18.13
Third Quarter	21.63	11.25	21.63	11.25
Fourth Quarter	14.38	11.25	14.38	11.25

The following table sets forth the reported high and low sales prices, in U.S. dollars, for the Class A Shares and the Class B Non-Voting Shares by NASDAQ for the periods indicated prior to December 10, 1990 and by the New York Stock Exchange since December 10, 1990.

1990 Fiscal Year	Class A Shares		Class B Non-Voting Shares	
	High	Low	High	Low
First Quarter	\$23.38	\$16.63	\$23.38	\$16.00
Second Quarter	24.50	19.88	24.63	19.63
Third Quarter	22.75	18.88	22.75	18.88
Fourth Quarter	24.50	18.63	24.50	18.13
1991 Fiscal Year	Class A Shares		Class B Non-Voting Shares	
	High	Low	High	Low
First Quarter	\$19.50	\$16.13	\$19.38	\$15.50
Second Quarter	20.25	16.88	20.25	15.50
Third Quarter	18.50	9.88	18.63	9.88
Fourth Quarter	12.63	9.63	12.63	9.88

As of September 30, 1991, there were 2,035 and 9,627 holders of record of Class A Shares and Class B Non-Voting Shares, respectively.

The Company has paid cash dividends every year since 1969. Cash dividends of \$0.06 Canadian per Class A Share and Class B Non-Voting Share were paid on November 15, 1989; of \$0.07 Canadian per Class A Share and Class B Non-Voting Share on each of February 15, 1990, May 15, 1990, August 15, 1990 and November 15, 1990; and of \$0.08 Canadian per Class A Share and Class B Non-Voting Share on each of February 15, 1991, May 15, 1991 and August 15, 1991. Cash dividends of \$0.08 Canadian per Class A Share and Class B Non-Voting Share have been declared payable on November 15, 1991.

Holders of record of Class A Shares and Class B Non-Voting Shares with U.S. addresses will receive dividends in U.S. dollars based on the then current exchange rate. Dividends paid to non-residents of Canada will be subject to Canadian non-resident withholding tax at the rate of 25% unless reduced by an applicable tax treaty. The present treaty reduced rate for U.S. residents is generally 15%. A holder who is not resident in Canada will not be subject to Canadian capital gains taxes on the disposition of Class A Shares or Class B Non-Voting Shares unless it is taxable Canadian property within the meaning of the Income Tax Act of Canada and the non-resident is not entitled to relief under an applicable tax treaty.

CORPORATE INFORMATION

DIRECTORS

PETER N.T. WIDDRINGTON*
Chairman of the Board
John Labatt Limited

DONALD K. JACKSON*
President and Chief Executive Officer
Laidlaw Inc.

MICHAEL A. ASHCROFT
Chairman and Chief Executive Officer
ADT Limited

JAMES R. BULLOCK
President and Chief Executive Officer
Cadillac Fairview Corporation

WILLIAM P. COOPER*
President and Chief Executive Officer
Cooper Corporation Limited

RONALD K. GAMEY†
Executive Vice-President
Canadian Pacific Limited

DONALD M. GREEN, C.M.†
Chairman and Chief Executive Officer
Tridon Ltd.

JAMES F. HANKINSON
President and Chief Operating Officer
Canadian Pacific Limited

MERVYN H. LAHN†
Corporate Director

RALPH J. SAZIO
Retired Executive

WILLIAM W. STINSON*
Chairman and Chief Executive Officer
Canadian Pacific Limited

* Member of the Executive Committee

† Member of the Audit Committee

OFFICERS

PETER N.T. WIDDRINGTON
Chairman of the Board

DONALD K. JACKSON
President and Chief Executive Officer

IVAN R. CAIRNS
Senior Vice President and General Counsel

LESLIE W. HAWORTH
Senior Vice President and
Chief Financial Officer

KEN W. WINGER
Senior Vice President,
Corporate Development

JEFFERY CASSELL
Vice President, Risk Management

WILLIAM R. COTTICK
Secretary

PAUL J. VAN DAMME
Vice President, Controller

THOMAS A.G. WATSON
Vice President, Communications

MAJOR SUBSIDIARIES

LAIDLAW ENVIRONMENTAL
SERVICES, INC.
William E. Stilwell, President

LAIDLAW ENVIRONMENTAL
SERVICES, LTD.
Charles A. Lalonde, President

LAIDLAW TECHNOLOGIES,
INC.
Nigel G.H. Guilford, President

LAIDLAW TRANSIT, INC.
Kenneth L. Lyons, President

LAIDLAW WASTE SYSTEMS,
INC.
Donald K. Jackson, President (acting)

OTHER MAJOR INTERESTS

ADT LIMITED
ATTWOODS PLC

EXECUTIVE OFFICES

3221 North Service Road
P.O. Box 5028
Burlington, Ontario
L7R 3Y8

(416) 336 1800

TRANSFER AGENTS AND REGISTRARS

The Royal Trust Company
74 Victoria Street, 4th Floor
Toronto, Ontario
M5C 2A5

Continental Bank, National Association
180 North LaSalle Street
Chicago, Illinois
60601

ANNUAL MEETING

Laidlaw Inc.'s Annual Meeting will be held
December 3, 1991 at 4:00 p.m. at the Royal
York Hotel, Ballroom, 225 Front Street West,
Toronto, Ontario, Canada.

FORM 10-K

A copy of the Company's Annual Report on
Form 10-K for 1991 may be obtained without
charge by writing to Laidlaw Inc.



Laidlaw is a major sponsor of a touring exhibition entitled "Flying Colours", which showcases macro-photographic images of butterfly wings.

These brilliantly hued images, created by Edmonton photographer, Bob Chelmick, offer insight into the beauty and complex fragility of our natural environment.



This report is printed in Canada on recycled paper. The Cover contains 50% recycled fibre. The pages contain 50% recycled fibre including 25% post consumer fibre. This report is printed using vegetable inks and is recyclable where such programs are available.